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GENERAL

Book Examines Relations With Neighboring Countries

93CM0178A Xian ZHONGGUO ZHOUBIAN GUANXI YU ANQUAN HUANJING in Chinese date unknown pp 155-254

[Excerpts of book published by Shaanxi People's Education Press, Li Guangyi (2621 1639 5030) chief editor: *China's Relations With Its Neighbors and Its Security Environment*]

[Excerpts] [passage omitted] Sino-Vietnamese Territorial Disputes

Originally little controversy existed between China and Vietnam about territorial borders. Only since the early 1970s, out of a need to pursue a hegemonist policy in other areas, have the Vietnamese authorities constantly provoked disputes about the land border between China and Vietnam, creating border controversy areas there. They have also sought to make two-thirds of the ocean area in the Tonkin Gulf a part of Vietnam, and have sent troops to occupy some of the islets in China's Spratly [Nansha] Islands, thereby making disputes between China and Vietnam over territorial land and territorial sea a major problem in relations between the two countries.

1. The Sino-Vietnamese Land Border Dispute

The land border between China and Vietnam begins in the southeast at the mouth of the Beilun He in the Fangchen multi-nationalities autonomous county in the Guangxi-Zhuang Autonomous Region. It runs northwest to the high mountains of Jiangcheng Hani Autonomous County in Yunnan Province where the Chinese, Vietnamese, and Lao borders intersect—a distance of more than 1,300 kilometers (and an actual ground distance of more than 2,200 kilometers). This boundary was set between 1885 and 1887 in a treaty signed between China's Qing Dynasty government and the government of France, which ruled Vietnam at that time. It is a border that was set in a friendly fashion. In the demarcation of the Sino-Vietnamese border, Yunnan was one sector, and Qinzhou Prefecture in Guangdong Province and Guangxi Province were one sector. (Qinzhou Prefecture, which is in Guangxi today, was under jurisdiction of Guangdong Province at that time.) The Sino-Vietnamese border was jointly surveyed and markers implanted in more than 340 places.

Along the Sino-Vietnamese border, the climate is hot and humid, plants grow profusely, and the topography and land forms are complex. Except for the section at the eastern end, which is a plain, most of the central and western part is mountainous. Numerous mountain streams have carved numerous valleys out of the mountains, and shaped many mountain passes that are difficult of access. China has four national open ports of entry and exit along the Sino-Vietnamese border (Dongxing and Friendship checkpoints, and the Shuikou

checkpoint border defense inspection station in the Guangxi-Zhuang Autonomous Region, and the Hekou border defense inspection station in Yunnan Province), and 30 local government ports of entry and exit. Both Guangxi and Yunnan are provinces in which China's minority nationalities live in compact communities. There are more than 20 different nationalities. Many of these nationalities are of the same nationality as people living on the Vietnam side of the border. More than 60 percent of the border residents have kinship or friendship ties with people on the Vietnam side of the border. Historically, these border people in both countries have lived together in friendship, establishing profound traditional friendships.

The Sino-Vietnamese land frontier was demarcated long ago and the boundary between the territories of both sides is clear for the most part. Nevertheless, in separate sections, there are some places about which the understanding of both parties handed down throughout history is not identical. Consequently, controversy has arisen. The reason, in some cases, is that the applicable boundary treaty documents and attached drawings are contradictory. In other cases, the boundary documents and attached drawings do not agree with the actual terrain, or the explanation provided is oversimplified, making on-the-ground recognition difficult. In other cases, border people's building of encampments or farming across the border farming has resulted in administrative jurisdictions crossing the boundary line. In some places, the boundary treaty is clear; it is simply that the unreasonable territorial demands of the Vietnamese side has created controversial areas.

A total of 40 sections of the Sino-Vietnamese land boundary covering an area totaling approximately 60-odd square kilometers are in dispute. After founding of the People's Republic of China and the People's Republic of Vietnam, both parties expressed willingness to respect the historical boundary line that China and France had demarcated. In an exchange of documents on boundary problems in November 1957 and April 1958, the Communist Party of China and the Communist Party of Vietnam unanimously affirmed that until such time as the government of both countries discussed solution to border problems, both parties would strictly maintain the status quo on the border. The exchange of documents between the parties of China and Vietnam constituted a joint basis for both parties handling of border affairs until such time as border problems were solved. Local authorities had no authority to solve territorial jurisdiction problems. From that time forward, and for a very long period of time, the Sino-Vietnamese border remained peaceful and friendly.

In 1974, however, without regard for the agreement reached through the exchange of documents by the Chinese and Vietnamese communist parties, the Vietnamese authorities began to create incidents on the Sino-Vietnamese border in an organized, planned, and purposeful way. They forced Vietnamese border people to enter Chinese territory to reclaim agricultural land, build roads, and plant trees in a

constant nibbling away at Chinese territory. They dispatched armed personnel on patrols into Chinese territory, set up fortified points, built fortifications, planted land mines, and set up obstacles. They even made forcible incursions into Chinese border villages to register households and issue registration certificates in an effort to change their administrative subordination. Acting on various pretexts, military commanders arbitrarily designated the boundary line, moved, destroyed, and privately implanted national boundary markers in an infringement of China's territory. Thereafter, Sino-Vietnamese land border disputes occurred frequently. What had been a peaceful and friendly border became a tense and confrontational border.

Beginning in March 1975, the Chinese repeatedly suggested to Vietnamese the holding of border negotiations, but because of delays on various pretexts by the Vietnamese, it was not until October 1977 that talks commenced. The basic proposals for solving the Sino-Vietnamese border problems that the Chinese delegation proposed were as follows: Use the Sino-French border treaty as a basis for determining the entire alignment of the boundary for solution to all territorial issues in dispute; should areas in which either side exercises jurisdiction cut across the border line that the treaty provides, in principal, these areas are to be returned to the other side unconditionally. In a small number of disputed areas, out of concern for the welfare of the local inhabitants, appropriate adjustments might also be made on the basis of fairness and reasonableness and subject to the agreement of both sides. If a difference in view remain about the specific alignment of some sections of the border, both sides should solve it through friendly negotiations; in sections where a river forms the boundary, the boundary should be set down the center of the channel in all navigable streams. In unnavigable streams, the deep water line in the waterway is to be the boundary, this same formula used as a basis for determining ownership of islands and sandbars in the stream. After the border problems are solved, both sides are to formally sign a Sino-Vietnamese border treaty to replace the old Sino-French treaty, and the border is to be re-demarcated and staked. Until such time as the Sino-Vietnamese border treaty takes effect, both sides are to honor the principles recognized in the documents that the communist parties in both countries exchanged, maintain the border status quo, and use no means or no pretext for unilaterally changing the real area of jurisdiction to keep the border tranquil.

However, during negotiations, the Vietnam side raised obstacles, proposing a package plan for solution to the land border and the Tonkin Gulf "sea border" in an effort to force China to recognize Vietnam's unreasonable demands on the Tonkin Gulf demarcation issue, and making this a pre-condition for talks on the land border issue. After this unreasonable demand was resolutely refused by the Chinese side, the Vietnamese side suddenly trotted out a "border agreement draft," asking that both sides sign a formal border agreement before specific problems in dispute about the land boundary

had been resolved. Actually, the Vietnamese lacked good faith about solving the border issue through negotiations and sought to make mischief. As a result, no agreement was reached on even the procedures for talks on the land border issue during more than 10 months of negotiations, and finally the talks were suspended.

The areas in dispute on the Sino-Vietnamese land border are by no means numerous. With good faith on the part of both sides, differences can be easily settled. As long ago as September 1975, Comrade Deng Xiaoping told Le Duan that the Sino-Vietnamese land border issue is "nothing more than a dispute about a few score mu of land. Whenever a dispute of about a few score mu of land is at issue, I feel that the dispute is not very big and the issue is not very difficult to solve." The key reason that the not very large dispute and the not very difficult-to-solve issue has become an issue that has dragged on without solution lies in the efforts of the Vietnamese authorities to use the territorial dispute to fan anti-Chinese sentiment and hatred for the Chinese race inside Vietnam. This is an important component of Vietnam's anti-China policy.

2. The Tonkin Gulf Issue

The Tonkin Gulf is a semi-sealed off gulf that is enclosed by the continental land of both China and Vietnam, and China's South China Sea islands. Historically it has been a crossroads in which the peoples of both China and Vietnam have conducted economic and cultural exchanges and through which all the nations of the world have had contacts with south China and north Vietnam. Historically, China and Vietnam have never demarcated the Tonkin Gulf. During the more than 20 years between founding of new China and the early 1979s, China and Vietnam observed mutual respect on the Tonkin Gulf territorial issue and conducted friendly cooperation to advance the construction and anti-imperialist struggle of both countries.

On 26 December 1973, the Vietnamese Ministry of Foreign Affairs told China that "both countries have never demarcated the waters of the Tonkin Gulf inasmuch as Vietnam has always been at war. I suggest that the government of both countries send a delegation to hold talks about the demarcation of the waters of the Tonkin Gulf." The Chinese government expressed willingness to hold discussions with Vietnam to solve this issue fairly and reasonably. In August 1974, both sides held deputy foreign minister-level talks on the demarcation of the waters of the Tonkin Gulf. As soon as the talks began, the Vietnamese authorities contradicted themselves, declaring that "the Tonkin Gulf border line was demarcated earlier," and insisting that the 1887 Sino-French "Special Articles on Continuing Discussion of Border Affairs" had put the "ocean boundary line" between the two countries in the Tonkin Gulf at 108 degrees 03 minutes 13 seconds. They also said since the

signing of the treaty, for the past 100 years both the French authorities and the government of the Democratic Republic of Vietnam have consciously exercised sovereignty and administrative authority in accordance with the treaty demarcation. This unreasonable proposal of the Vietnamese authorities was actually an effort to draw the boundary between the two countries in the waters of the Tonkin Gulf at the edge of China's Hainan Island, making two-thirds of the waters of the Tonkin Gulf its own.

Examination of historical treaties shows no appearance of the three characters for Tonkin Gulf (or Northern Gulf as it is alternatively known) in either the 1885 "Sino-French Treaty of Tianjin" or the 1887 Sino-French "Special Articles on Continuing Discussion of Border Affairs," much less any reference to the demarcation of the entire Tonkin Gulf. The fact is that the so-called "ocean border line" that Vietnam has concocted has never existed.

On 12 November 1982, the government of Vietnam issued "Statement on the Datum Line of Vietnam's Territorial Sea," which further distorted the historical boundary treaty between China and Vietnam. It proclaimed utterly without foundation that the ocean boundary line in the Tonkin Gulf had been "drawn" long ago, and that the Paracel Islands and the Spratly Islands belong to Vietnam. On 28 November of the same year, China's Ministry of Foreign Affairs issued a statement exposing the Vietnamese authorities' vain attempts to seize the vast waters of the Tonkin Gulf, and their expansionist ambitions with regard to China's territory. It solemnly announced that the so-called "Tonkin Gulf boundary line" that the government of Vietnam has announced is illegal and invalid, and it reiterated that the Paracel Islands and the Spratly Islands are a sacred and indivisible part of China. However, as a result of Vietnam's persistence in its unreasonable demands, no progress was made in talks on the Tonkin Gulf issue.

3. The Paracel Islands and Spratly Islands Ownership Issue

The South China Sea islands is an overall term for China's numerous small islands in the South China Sea. These islets are distributed over the sea to the east and south of Hainan Island, and are generally divided into the Pratas Islands [Dongsha Qundao], the Paracel Islands [Xisha Qundao], Macclesfield Bank [Zhongsha Qundao], and the Spratly Islands as well as Scarborough Reef [Huangyan Dao], which lies southeast of Macclesfield Bank.

The Paracel Islands are located in the sea more than 300 kilometers southeast of Hainan Island. In ancient times, they were called Qizhouyang. Consisting of scores of islets, they are divided into two groups—the northeastern and southwestern. The northeast group is made up of the Amphitrite Group [Xuande Qundao], which includes seven fairly large islets including Woody Island [Yongxing Dao] and Rocky

Island [Shidao]. Woody Island is nearly two square kilometers in area, making it the largest islet in area among the South China Sea islands. The southwest group is made up of the Crescent Group [Yongle Qundao], which includes eight fairly large islets including Pattle Island [Shanhu Dao], Robert Island [Ganquan Island], and Triton Island [Zhongjian Island].

The Spratly Islands are the southernmost and the most widespread of the South China Sea islands. Made up of more than 230 islands, reefs, and shoals, they cover an area of approximately 244,000 square kilometers. Relatively important islets include Itu Aba Island [Taiping Dao], Spratly Island [Nanwei Dao], Zhongye Island, and Nanshan Island [Mahuan Dao]. Itu Aba Island, covering an area of 0.44 square kilometers, is the largest islet in the Spratly Islands. Zengmu Ansha at the southern tip of the Spratly Islands is China's most southernmost territory. The Spratly Islands have extremely abundant phosphate, iron ore, aquatic products, and marine oil and gas resources. They are an important avenue for China's opening to the outside world, and they are also an important southern security shield for China.

The Paracel and Spratly Islands, like the Pratas Islands and Macclesfield Bank, have been sacred Chinese territory since ancient times. This is not only fully attested to by the historical data of successive Chinese dynasties and large amounts of artifacts that have come to light in modern times, but it is also recognized by an overwhelming majority of the countries in the world and international opinion. Incomplete data show that nearly 2,000 different maps published by 18 of the world's countries including the USSR, the United States, France, and Japan all clearly indicate that the Spratly Islands are Chinese territory. In accordance with the Cairo Declaration and the Potsdam Declaration, on 12 December 1946, the Chinese government at that time dispatched a navy flotilla to recover the Spratly Islands, which had been illegally occupied by Japan. Following the founding of new China, the government and people of new China continued to administer, do business in, and build the Paracel Islands and Spratly Islands.

Originally no controversy existed between China and the Democratic Republic of Vietnam about the ownership of either the Paracel Islands or the Spratly Islands. From the early 1950s to the early 1970s, both formal documents such as statements and notes of the Democratic Republic of Vietnam [DRV], as well as Vietnam-published periodicals, maps, and textbooks all acknowledge the Paracel and Spratly islands as Chinese territory. In early June 1956, the American-supported puppet regime in South Vietnam issued a series of statements declaring itself to hold "traditional sovereignty" over the Paracel Islands and the Spratly Islands in a vain effort to invade and occupy Chinese territory. Reacting to this, the leaders of the DRV adopted an exceptionally conscientious and prudent attitude. After diligently examining historical data and studying the South Vietnamese announcement carefully, they found that the South Vietnam puppet regime's announcement that Vietnam's statement that it held "traditional sovereignty" over

the Paracel and Spratly Islands lacked conclusive evidence. In this regard, the DRV deputy minister of foreign affairs formally told the charge d'affaires ad interim of the Chinese embassy in Vietnam that "on the basis of Vietnamese data, historically speaking the Paracel Islands and the Spratly Islands should be Chinese territory." The acting head of the Asia Department of the DRV Ministry of Foreign Affairs further noted that "historically speaking, the Paracel Islands and the Spratly Islands have belonged to China from as long ago as the Song Dynasty." (XINHUA BANYUE KAN [NEW CHINA FORTNIGHTLY] Issue 18, 1958) Prior to 1974, Vietnamese officially published maps also did not include the Paracel and Spratly Islands as part of Vietnam's domain. Maps showing the Paracel and Spratly Islands used their Chinese names, and noted their Chinese ownership. Even South Vietnam-published geography textbooks also acknowledged this fact.

On the eve of the liberation of Saigon in April 1975, however, the Vietnamese authorities went back on their word unexpectedly, renouncing their formerly often-expressed position and promise that the Paracel and Spratly Islands belonged to China. They took the opportunity to occupy six islets in China's Spratly Islands, namely Nanzi Dao, Sha Dao, Hongma Dao, Jinghong Dao, Spratly Island, and Amboyna Cay [Anbo Shazhou]. During May and June of the same year, the Chinese parties concerned made representations to the Vietnamese in which they reiterated China's consistent stand regarding the Spratly Islands. Surprisingly, however, the Vietnamese went so far as to show not the slightest regard for historical facts and diplomatic niceties, saying that the "Changsha Islands" (meaning the Spratly Islands) "have been Vietnamese territory since ancient times." In addition, they also said that "plenty materials show that Huangsha Islands" (meaning China's Paracel Islands) "are also Vietnamese territory." In the spring of 1976, when Vietnam published a post-unification Vietnam Administrative Areas Map, which revised previously published maps, it formally designated the Paracel and Spratly Islands Vietnamese territory. During April 1988, Vietnam occupied 21 of China's Spratly Island reefs, thereby ultimately provoking armed conflict between the navies of the two countries in the waters of the Spratly Islands.

China holds incontestible sovereignty over the Paracel Islands and the Spratly Islands. The Vietnamese authorities' territorial demands for China's Paracel Islands and Spratly Islands, and their illegal invasion and occupation of some Spratly Island reefs fully exposes the expansionist ambitions of the Vietnamese authorities toward Chinese territory.

Vietnam's Influence on the Security of China's Southern Border

Now, and for a long time to come, Vietnamese regional hegemonism will threaten the security of China's southern border.

(1) The Threat to the Security of China's Southern Border by Vietnamese Regional Hegemonism Is Decreasing Because of Limiting Internal and External Factors

Ever since the mid-1970s, the Vietnamese authorities have pursued a regional hegemonistic policy of reliance on the Soviet Union, opposition to China, domination of Indochina, and expansionism in Southeast Asia that has not only created a real threat to the security of China's southern border but also worsened Sino-Vietnamese relations. This has placed the two countries in a tense, confrontational posture for a long period of time, and it has seriously damaged the peace and stability of the Southeast Asia region, which has aroused the intense opposition of the people of all countries in Southeast Asia. Expansionism cannot last; hegemony does not enjoy popular support. For over a decade, the Vietnamese authorities have used their armed might to engage in wars of military aggression. Not only have they prepared an expansionist plan to realize the "Indochina Federation" for which they have long yearned, but they have created a serious situation for Vietnam itself in which its people are impoverished and its wealth depleted, and it is suffering from multiple internal and external difficulties. As a result of the restraints of various internal and external factors during the past one or two years, the Vietnamese authorities have had no choice but to make some readjustments in their foreign policy, the momentum of their aggressive expansion abating somewhat.

On the Cambodian issue, Vietnamese authorities have changed their former rigid method of trying to achieve victory through military means. They have declared a complete withdrawal from Cambodia before the end of September 1989 in an effort to seek a political solution to the Cambodian problem. In relations with China, they have adopted a somewhat harmonious posture. The anti-China, hate China pitch of Vietnam's public opinion organs such as periodicals and radio broadcasts has diminished and declined in quantity as well. The number of border provocations has decreased and their scale has become smaller. Vietnam's restrictions on border people's travel to China to visit relatives and go to markets have been eased, travel back and forth, and trade between the border peoples of both countries is steadily increasing. On many occasions, Vietnam's leaders have used internal channels to deliver messages, or they have said publicly that they are "prepared at any time to solve problems in relations between Vietnam and China through negotiation to bring about a normalization of relations and a revival of friendship between the two countries." Since the Vietnamese authorities have readjusted somewhat their policy toward China, we have concluded that in the near future the long-standing tense confrontational relationship between China and Vietnam will ease to a certain extent. The scale and intensity of battles on the land border between the two countries will gradually decline, and the possibility of an escalation of military clashes at sea is not very great.

Thus, the extent to which Vietnam poses a security threat to China's southern border will gradually weaken. The reasons are as follows:

(1) International Restraints

Since the middle of the 1980s, the whole international situation has been easing. Not only have relations between the United States and the USSR entered a new period of mutual tranquility marked by the bilateral signing and implementation of the intermediate ballistic treaty, but the several post-war decades of frequent ups and downs, and several major limited wars in which the heat was relatively high have also generally abated. The trend is toward political solutions. Given this great international background, if Vietnam does not curb its expansionist momentum, it is bound to incur more serious condemnation from international society. Following the USSR's complete withdrawal from Afghanistan, in particular, the focus of international public opinion rapidly shifted to the Cambodian question, the clamor from international society demanding that Vietnam withdraw its forces from Cambodia ever increasing. Vietnam is facing unprecedented pressure.

Western countries, including the United States, western Europe, and Japan want Vietnam to withdraw its forces from Cambodia to bring its occupation of Cambodia to an end. The USSR has backstopped Vietnam's aggression in Cambodia, not only providing military support, but also providing Vietnam more than \$20 billion in economic assistance each year. One might say that but for assistance from the USSR, Vietnam would be unable to continue fighting for a single day in Cambodia. However, the USSR refused to admit for a long time its assistance to Vietnam was no different from direct involvement in the conflict, but after the Soviet withdrawal of its military forces from Afghanistan, the USSR's attitude toward the Cambodian question changed markedly. Mikhail Gorbachev stressed several times that no matter how complex a conflict, political means should be used to solve it; a military solution was impossible. He also declared that solution to the Afghanistan problem would serve as a "fine model." This was also entirely suited to the Cambodian problem. The Soviet Union's change in attitude toward the Cambodian problem, as well as the gradual reduction in its military and economic assistance to Vietnam put double pressure on Vietnam. Following the clash between China and Vietnam in the Spratly Islands in the spring of 1988, Vietnam several times requested the USSR to condemn China, but the USSR said it did not want to become involved; it could only adopt a conciliatory position. Vietnam was greatly dissatisfied with this. Objectively, this also played a role in restraining Vietnam from provoking further conflicts with China.

(2) Restraints of Neighboring Countries

The pursuit of a hegemonistic policy by the Vietnamese authorities has seriously worsened its relations with

neighboring countries. As a result of its constant provocation of Sino-Vietnamese border clashes, Vietnam has tasted the bitter fruits of having China as an enemy. In addition, China's major achievements from its policy of reform and opening to the outside world during the past several years also holds substantial attraction for Vietnam. Vietnam's long control of Laos has aroused the intense dissatisfaction of the people of Laos. Calls for getting rid of Vietnamese control and fostering cordial relations with China have constantly risen once again in Laos. In November 1987, Laos and China reached an agreement for the normalization of Laos-China relations. In October 1989, Kaysone Phomvihane, Chairman of the Lao Conference of Ministers [premier], and general secretary of the Lao People's Revolutionary Party Central Committee, visited China to bring about the normalization of relations between the two countries and the two parties. This also exercised a certain amount of restraint on Vietnam's pursuit of a policy of making China a long-term enemy. Vietnam's invasion and occupation of Cambodia did not stop their gunfire on the Thai border, which threatened Thailand's security. Thailand, in concert with the ASEAN nations, opposed Vietnam's invasion and occupation of Cambodia, and it demanded that Vietnam withdraw all its forces from Cambodia. This played an important role in restraining Vietnam's regional hegemonism policy.

(3) Restraints Within Vietnam Itself

First, as a result of a decade of the depredations of warfare in Cambodia, Vietnamese army morale is at low ebb today; supply is difficult, and the army is gradually coming to the end of its rope. With the passage of time, the situation is becoming more and more disadvantageous to Vietnam's aggressor army. Second, Vietnam's economic difficulties are becoming worse. Vietnam has been committing aggression in Cambodia and opposing China for more than 10 years. The injury that this long warfare has caused cannot be healed, and the people cannot gain an opportunity to rest and recuperate. This, plus the serious mistakes of Vietnam's leaders in socio-economic policy, has brought the Vietnamese economy to the brink of collapse. Today, markets are short of goods, prices have increased tremendously, agricultural harvests have been lean for several years in a row, and the people's lives are extremely hard. In addition, social instability is on the increase. Third, the Vietnamese people want a revival of friendship between China and Vietnam. The broad masses of the people, particularly the numerous people who came through the war years of resistance to France and the United States, are extremely dissatisfied with the Vietnamese authorities pursuit of an anti-China policy. They cherish the memory of China's tremendous assistance to Vietnam's revolution, and they cherish the memory of the "comrades and brothers" sentiments of those years. They urgently hope for an early revival of friendly relations between China and Vietnam. Because of these restraints, the Vietnamese authorities have no choice but to ameliorate

somewhat Vietnam's relations with China to ease pressures on the northern part of the country so as to be able to concentrate energies on reform and economic construction.

(4) Reform and Economic Development Are the Emphasis of Work Throughout Vietnam Today and for Some Time To Come

Peace and development are main themes in the world today; the tide of reform and readjustment has engulfed the entire globe. The all-out reform that socialist countries began in the closing years of the 1970s has greatly promoted the speedy development of the cause of socialism. By comparison, Vietnam was late in becoming aware of and late in beginning reform and economic development. Perennial wars of aggression have resulted not only in no increase in Vietnam's economic strength, but a trend toward serious decline.

Vietnam was formally a feudal agricultural country with an extremely backward economy. Following independence in 1945, as a result of long wars of resistance to France and the United States, Vietnam's economy sustained serious damage. Following unification of the whole country in 1976, the government drew up the Second Five-Year Plan (1976-1980), which called for vigorous construction and development of heavy industry.

As a result of Vietnam's pursuit of regional hegemonism and the dispatch of troops at the end of 1978 to invade and occupy Cambodia in an aggressive war lasting more than 10 years, Vietnam's national economy is seriously out of balance, production has stagnated, and plan norms have never been fulfilled. In 1976 national income was only \$101 per capita, falling to \$91 in 1980. The United Nations has cited it as one of the world's most undeveloped countries.

Vietnam was once one of the famous granaries of Southeast Asia. The Red River Delta and the Mekong River Delta were called "rice baskets." Continuous wars of aggression have depleted most of the country's wealth; consequently the land has become barren causing serious damage to the development of agricultural production. Today, Vietnam still imports large quantities of grain each year.

Vietnam's industry is relatively backward. Although it relied on foreign assistance for its initial building of an industrial sector that includes metallurgy, mining, machinery, manufacturing, chemical industry, fuel, construction materials, textiles, and foods, many enterprises are small in size, have antiquated equipment and a low capacity utilization rate, are technically backward, and produce poor quality goods. In 1976, industrial output value was 8.2 billion dong, rising to 11.9 billion dong in 1983. To a very large extent, Vietnam's economy today relies on foreign assistance and foreign loans. The Soviet Union's economic assistance to Vietnam amounts to more than \$2 billion annually. As the USSR readjusts its domestic and foreign policies, its assistance to Vietnam

will gradually decline. No doubt, this will seriously hurt the already crisis-mired economy of Vietnam. In 1980, Vietnam's fiscal deficit stood at 13.8 billion dong, and its foreign debt totalled \$7 billion. Its foreign exchange reserves totaled only \$10 million and were near drying up. Faced with such a perilous economic situation, in his political report to the Vietnam Sixth Party Congress, Nguyen Van Linh adopted "reform" as the basic readjustment in a partial negation of the domestic line during the Le Duan era. He called for a shift in work emphasis to reform and economic construction as the strategic task. Changing Vietnam's backward economic situation, and improving its overall national strength will take time. It will even more require a readjustment of its policy toward the outside world to win a peaceful and stable surrounding environment. Therefore, from both the perspectives of gaining time and gaining surrounding stability, Vietnam must first ease and improve its relations with its important northern neighbor—China. To improve its relations with China, Vietnam will have to halt its aggression against Cambodia, and completely withdraw its aggressive forces from Cambodia. Vietnamese leaders have also said privately that only after normalization of Sino-Vietnamese relations can a way be found to genuine solution of Vietnam's difficulties.

(2) Vietnam's Pursuit of a Strategic Plan for Regional Hegemony Remains Unchanged; Its Threat to the Security of China's Southern Border Will Endure for a Long Time To Come

The Vietnamese authorities have already tasted the bitter fruits of their pursuit of a regional hegemonistic policy. Now, they have no choice but to review and re-examine a series of past policies and methods, and to make some readjustments in their foreign policy, as well as to adopt a conciliatory posture toward China. One cannot say that changes on the part of the Vietnamese authorities are completely false; there is truly an aspect of real need to them. It should be realized that corresponding responses to meet these changes are also going to be made so that no opportunities are lost, but if one cuts deeply through events to look at fundamentals, one must recognize that Vietnam's regional hegemonistic ambitions have been in existence for a long time, and are definitely something that cannot be completely changed in a day and a night, or within a short period of time. Furthermore, Vietnam has gained quite a few vested interests in the course of its expansionism, it still maintains a powerful army, and internationally it still receives assistance from some major powers. In addition, the "conservative faction" is in the majority in its supreme leadership level. This means that Vietnam's readjustment of its foreign policy, including readjustment of its China policy, will be both a long-term process and also a limited one. Readjustments in Vietnam's foreign policy, as well as a certain degree of restraint in the momentum of its aggressive expansionism is, fundamentally speaking, merely a tactical change. It positively does not show nor does it mean that the Vietnamese authorities

have fundamentally abandoned their regional hegemonistic policies. Some new moderation in Vietnam's posture toward China does not mean that the Vietnamese authorities have changed their set policy of making China their main enemy, nor that they have abandoned their ambition to make territorial demands on China. It does not rule out the possibility that in the future Vietnam will provoke small scale armed conflicts with China along its land border and in the Spratly Islands. Therefore, Vietnam's threat to the security of China's southern border is both realistic and serious, and it will endure for a long time to come as well. The main reasons are as follows:

1. The hegemonistic ambitions of Vietnam's ruling clique have not changed; its basic policy of regarding China as its main enemy has not changed.

On the Cambodian question, Vietnam has succumbed to various pressures. On the one hand, it has declared it will remove all of its troops from Cambodia before the end of September 1992, but at the same time it remains unwilling to abandon its "Indochina Federation" plan. It maintains that its aggression against Cambodia "is not a mistake." On the key issues of abandoning control over Cambodia, permitting Cambodia to be led by Norodom Sihanouk and a completely neutral Cambodia, it has yet to make any realistic compromises. Vietnam holds fast to the Phnom-Penh regime being the main entity in a future government of Cambodia, completely ruling out the Khmer Rouge and demanding its disarmament, portraying themselves as the "honest broker" on the Cambodian issue. Vietnam refuses direct quadripartite discussions on Cambodia, and it constantly places obstacles in the way of a political solution to the Cambodian problem. This shows clearly that Vietnam has not fundamentally abandoned its regional hegemonistic policy.

On its relations with China, in July 1978, the fourth meeting of the Fourth Plenary Session of the Vietnam Communist Party formally designated China "Vietnam's number one enemy," and its "most direct and most dangerous enemy." It raised the slogan of "all possible to defeat China." In December 1980, the seventh meeting of the Sixth Vietnam Congress wrote opposition to China into the Vietnamese constitution. Opposition to China has become a fundamental policy of Vietnam. Following the Sixth Vietnamese Party Congress in 1986, although the Vietnamese authorities repeatedly expressed the need for "reform" of relations with China, anti-China and hate China propaganda never halted completely. Vietnamese leaders sometimes make statements insinuating that China is an "expansionist power." During interviews with foreign correspondents, Nguyen Van Linh has many times turned reason on its head, attacking China's intentions to "control" Indochina and to expand into Southeast Asia. Within the Vietnamese leadership clique, in particular, most of the conservative faction were involved with the mistaken political, military, and diplomatic policies during the latter part of the Le Duan regime. Quite a few of them were a party to pro-Soviet, anti-China, and

Cambodian invasion policies. Consequently, the anti-China sentiments of these people are very high; their attitude is "most rigid." In a speech to the Sixth Party Congress of the Communist Party of Vietnam, former Council of Ministers Chairman Pham Hung portrayed China as Vietnam's "primary, long-term, direct, and dangerous enemy." This situation shows that the readjustment of Vietnam's foreign policy is, to a very large extent, bogus, and that Vietnam has not fundamentally abandoned its quest for regional hegemony and its basic national policy of regarding China as an enemy.

2. The Vietnam-USSR alliance increases Vietnam's security threat to China's southern border.

In response to various strategic demands, in November 1978 Vietnam and the USSR concluded the Treaty of Friendship and Cooperation Between Vietnam and the USSR—a pact of a military nature. In return for the use of military bases such as Camranh Bay and Nghien Harbor, the USSR provided Vietnam with large quantities of military and economic assistance. Supported by the USSR, Vietnam intensified aggression against Vietnam and opposition to China. With the normalization of Sino-Soviet relations and the gradual movement toward political solution of the Cambodian problem, the Soviet-Vietnamese strategy of working as partners to encircle and threaten China will gradually weaken. However, it must be realized that the Soviet-Vietnamese alliance is just a change in form; it does not mean a dissolution or end to the real alliance relationship between the USSR and Vietnam. Vietnam's overall diplomatic pattern of "leaning to one side" toward the USSR has not changed. The Vietnamese Communists leaders have reiterated that "unity and full cooperation with the USSR is the keystone of Vietnam's foreign policy." For Vietnam to persist in a basic policy in which China is the enemy, it has to rely on the USSR militarily and economically, and employ every possible means to embroil the Soviet Union in a Sino-Vietnamese confrontation to improve its own strategic position in making a stand against China. For the Soviet Union's part, it both wants to distance itself from Vietnam somewhat to improve its relations with China and ASEAN, but it also is unwilling to turn against Vietnam completely, thereby losing its strategic position in Indochina and its use of the military bases at Camranh Bay and Nhien Harbor. The USSR's basic concern is how to dilute its military relationship with Vietnam while maintaining the Soviet-Vietnamese alliance relationship so as to avoid too greatly stimulating China to interfere with the smooth development of USSR-Chinese relations. Therefore, the existence of the Vietnam-USSR alliance, as well as continued USSR economic and military assistance to Vietnam, no doubt increases the extent of Vietnam's threat to the security of China's southern border. As Qiaonasen Bolake [phonetic, possibly Jonathan Blake or Bullock], American Rand Corporation expert on Southeast Asia political and security problems, said: Gorbachev has by no means laid a foundation for the abandonment of Vietnam; it is merely that the form of

the Soviet-Vietnamese alliance has changed; however, it poses a threat to China's security, and this shows no sign of changing.

3. Vietnam's military might has steadily increased, and heavy forces have been deployed on the Sino-Vietnamese border in preparation to fight a "modern people's war" with China.

On the basis of the basic anti-China policy provided for in the Vietnamese constitution, the Vietnamese army's anti-China strategy is as follows: to take a long-term stand against us using powerful military forces as a backstop, and uniting with the Soviet Union to restrain China. To this end, the development training, deployment, and guiding thought for warfare of Vietnam's army is rooted in dealing with China. Following China's 1979 counterattack in self-defense on the Vietnam border, Vietnam built up its military strength rapidly. Today, Vietnam's armed forces number 1.22 million, and is made up of army, navy, air, and air-defense forces. The Vietnamese army has nine military regions and 53 combat regiments. It has approximately 3,200 tanks and armored personnel carriers, more than 3,000 guns of different calibers, and a fighting force of more than 1.05 million strong. The navy has five coastal zones, one fleet, one gunboat brigade, four land warfare regiments, 14 combat logistics regiments, and more than 230 vessels of various kinds. Navy manpower totals 70,000. The air force has four air division headquarters, 18 combat, transport and training regiments, more than 670 aircraft, more than 300 insurgency [neizhan 0355 2069] fighters (including Soviet MiG-25 fighters) and approximately 50,000 men. Air defence is made up of seven air defense division headquarters, 14 missile regiments, 20 anti-aircraft regiments, and approximately 55,000 men. In addition, Vietnam has public security border units and militia as part of its local armed forces, which have more than 3 million combat personnel.

The Vietnamese armed forces' weapons and equipment come from four sources. One is equipment that the American forces left behind when they withdrew from Vietnam; the second is previous Chinese assistance; and the third is assistance from countries such as the USSR in recent years. The Soviet assistance weaponry is fairly sophisticated, including things such as ground-to-air and air-to-air missiles, and anti-tank missiles, which greatly improve the Vietnam armed forces' combat capabilities.

To improve the combat caliber and educational level of its officers and men, the Vietnamese forces constantly improve day-to-day training as well as instruction in schools and educational units. Today, all branches of service in the Vietnamese armed forces and all general headquarters have established a fairly complete school and instruction unit system. Some of the schools have Soviet military advisors teaching classes. More and more the military training of field army units stresses, "completeness, basics, systematic, and unified" to improve the intensity and difficulty of training in basic courses, highlighting the combined warfare and integrated

training of all Chinese service arms and branches of service, which are its main combat adversary.

Vietnam believes that since China is a vast land with a large population, a large number of conventional military forces, and plenty of reserve troops, the emphasis on combat with China must be on "every person a soldier, mobilization of all, and the arming of all." To bring to bear the full might of its three armed forces in common, its main units, local units, and civilian self-defense forces, it plans on fighting a "modernize people's war" with China.

In view of the needs of its anti-China strategy, the Vietnamese authorities regard the three countries of Indochina as a unified battlefield. North Indochina is the front line of combat against China; the south is the combat rear area. To build a vast rear area to support war against China in the northern battlefield, ever since the late 1970s, numerous key construction projects in Vietnam have been relocated southward. In the north, the Vietnamese armed forces have deployed about 35 divisions or 60 percent of their total strength. This includes 20 division headquarters deployed in the Sino-Vietnamese border area. It has 13 divisions facing Guangxi, and seven facing Yunnan. By using its main forces to deal with China, the Vietnamese armed forces have built up a serious real threat to the security of China's southern frontier. Until such time as the Vietnamese authorities completely abandon this regional hegemonism, this threat will endure.

4. The territorial disputes between China and Vietnam cannot be completely solved through negotiations, so the possibility cannot be ruled out of further outbreaks of small scale conflicts between China and Vietnam on their land border, and particularly in the waters of the Spratly Islands.

The reason that the territorial disputes between China and Vietnam cannot be completely solved through negotiations is that the disputes themselves touch upon a wide area and the problems are complex. However, the fundamental reason is that Vietnam has not given up its expansionist designs on China's territory, particularly its illegal demand for sovereignty over the Spratly Island reefs.

Despite numerous talks between the two parties about the Sino-Vietnamese land border, since Vietnam makes territorial demands for which absolutely no basis exists, and since it is basically unwilling to solve the border problem between the two countries fairly and reasonably through negotiations, the talks have been broken off repeatedly. In recent years, the Vietnamese authorities have been intensifying the building of military facilities in their northern border, thereby constantly placing new obstacles in the way of negotiations.

Sino-Vietnamese talks about demarcation of the Tonkin Gulf have made no progress whatsoever as a result of

Vietnam's insistence on unreasonable proposals. Moreover, Vietnam has designs on the petroleum resources on China's Tonkin Gulf continental shelf.

It is particularly noteworthy that Vietnam has long coveted China's Spratly Islands, and illegal aggression against and occupation of reefs in China's Spratly Islands is increasing rather than decreasing today. On 14 March 1988, armed Vietnamese vessels that invaded the waters of China's Spratly Islands began an armed attack, on China's vessels, which forced us to launch a counter-attack in self-defense. Following the incident, to deceive world public opinion, the Vietnamese falsely called for negotiations with China to solve the dispute while simultaneously displaying a tough attitude that conveyed no impression of weakness at all. It continued to send large numbers of vessels to the Spratlys to occupy other reefs forcibly, and it quickly built military facilities on the various reefs it had already occupied to help control them for a long period of time. In May 1988, the Vietnamese Minister of National Defense trotted off to the Spratlys to boost the courage of the Vietnamese aggressor army there, announcing Vietnam's intention to "resolutely protect the territorial sovereignty of the Spratly Islands." Inside Vietnam, propaganda increased about the history and the "sovereignty of the Spratly Islands." Newspapers and magazines reported that Vietnam had continuously "exercised sovereignty" over the Spratly Islands since the 17th century, stressed the need to resist "Chinese aggression," and called upon the public to be concerned about the Spratly situation and do all possible to safeguard every inch of soil. In the summer of 1989, the Fifth Meeting of the Eighth National Congress in Vietnam passed a resolution that unexpectedly included China's Spratly Islands in Vietnam's Khinhhe Province, once again recklessly infringing upon China's territorial sovereignty. Clearly Vietnam's long-term strategic goal of permanently taking over China's Spratly Islands has not fundamentally changed.

For the sake of its real security and economic development needs, Vietnam cannot lightly give up its illegal demand for sovereignty over China's Spratly Islands. Vietnam's territory is long and narrow; it lacks breadth. This is very disadvantageous to its security. Vietnam's aggression against and occupation of China's Paracel and Spratly Islands, its stationing of troops on some reefs, and its formation of a broad defense system among the islets and reefs holds extremely great significance for Vietnam's security. Vietnam is also a petroleum-poor country, which currently needs between 2 million and 2.5 million tons of petroleum yearly. Except for some that the USSR supplies, most must be purchased from other countries. The Spratly Islands have plentiful oil and gas. Today, Vietnam is in process of using the Spratly Islands and nearby oil and gas resources. It is developing them in cooperation with some developed countries and has already obtained quite a few economic benefits from them. In addition, Vietnam enjoys geographic advantages in the Spratly Islands. The Spratly Islands are more than 1,500 kilometers from the China

mainland, but only slightly more than 400 kilometers away from the south coast of Vietnam—a convenience for logistical supply. Therefore, analysis of the various foregoing factors shows that Vietnam cannot lightly give up its illegal demand for territorial sovereignty over China's Spratly Islands.

Thus, if we act in time to recover the islets and reefs in the Spratly Islands that Vietnam has occupied, armed resistance from Vietnam will occur, and possibly another partial armed marine conflict may occur.

The Spratly Islands have been Chinese territory since ancient times. China holds incontestable sovereignty over the Spratly Islands and nearby ocean waters. Only if Vietnam completely halts provocative actions and completely withdraws from the Spratly islets and reefs that it has illegally occupied can peace be realized and safeguarded in the Spratly Islands. [passage omitted]

China's Relations With Southern Land Neighbors Burma and Laos

(1) Relations Between China and Burma [passage omitted]

1. Development of Sino-Burmese Relations

China and Burma are friendly neighbors linked by common mountains and rivers. Historically the people of the two countries have had long intercourse. Following founding of new China, Burma was the first nonsocialist state to recognize new China. On 8 June 1950, the two countries established formal diplomatic relations. In June 1954, Premier Zhou Enlai visited Burma for the first time where, on 29 June, the premiers of China and Burma issued a joint statement recognizing and jointly proposing that the five principles of peaceful co-existence "should be the principles guiding relations between China and Burma." The governments of both countries have long jointly observed the five principles of peaceful co-existence, and have used the five principles in guiding the handling of problems between the two countries, thereby promoting the steady development of friendly cooperation in all realms—political, economic, and cultural—in both countries.

Burma is a developing country, which suffered greatly from the bitterness of colonial oppression prior to independence. Following independence, it greatly treasured national independence and sovereignty. In international matters, it has pursued an independent, positive, and nonaligned foreign policy. It has paid close attention to the development of relations with China. The common experiences in the history of China and Burma, as well as the common tasks they faced following independence or liberation enables both countries to coordinate and support each other in numerous important international struggle situations. This develops and consolidates political relations between the two countries. In 1955, China participated in the Afro-Asian Conference that India, Indonesia, and Burma were instrumental in convening.

During the conference, the Chinese delegation frequently consulted with the Burmese delegation and worked closely with it, making common efforts for the complete success of the conference. Between 1954 and 1965, Premier Zhou Enlai visited Burma six times. Chinese leaders including Chairman Liu Shaoqi and Deputy Premier Chen Yi, as well as Vice Minister Deng Yingchao, Vice Premier Deng Xiaoping, and Chairman Li Xiannian visited Burma many times. During his 30 years as chairman of the Burma Socialist Program Party [BSPP] from 1955 to 1985, U Ne Win visited China a total of 12 times. Premier U San Yu and Deputy Premier U Maung Kha also visited China many times. High level Chinese and Burmese leaders exchanged visits many times for the further strengthening of the deep traditional sentiments between the two countries.

During the early 1960s, China and Burma signed a treaty of mutual friendship and nonaggression; and the two countries satisfactorily resolved border problems inherited from history. This was the first border problem with a neighboring country to be solved smoothly following establishment of the new China. At the end of the 1960s, because of the interference of the ultra-leftist tide of thought during China's Great Cultural Revolution, and the influence of negative factors in Burma, within a fairly short time several disputes and distortions also occurred in Sino-Burmese relations. The CPC and government acted promptly to correct the differences, and thanks to the efforts of both nations, Sino-Burmese friendly relations were very rapidly restored and improved.

On many major international issues today, China and Burma hold identical or close views. On issues such as the USSR's invasion of Afghanistan and Vietnam's aggression against and occupation of Cambodia, the Burmese government supported applicable resolutions of the United Nations General Assembly, maintaining that foreign military forces should withdraw from Afghanistan and Cambodia first, thereby laying the foundation for a political solution to the two "hot spots." The new government that was established in Burma in June 1988 stated that the essence of Burma's foreign policy would be maintenance of world peace and security, prevention of world war, anti-imperialism and anti-colonialism, and use of the five principles of equality, cooperation and mutual respect, noninterference in the internal affairs of another country, and adherence to peaceful co-existence as a basis for maintaining friendly relations with all nations. China and Burma have made joint efforts in coordinating and supporting opposition to large and small hegemonistic aggression and expansion, and in the struggle to safeguard peace in the Southeast Asia region.

Development of political relations between China and Burma gave impetus to the development of economic and technical cooperation and trade between the two countries. In accordance with an agreement, more than 10 complete plant projects that China was to help build in Burma, including a sugar mill, a textile mill, a thermal power plant, a paper making plant, a rubber ball plant, a

rice milling plant, and a sports palace have been completed and put on stream. They have also produced rather good economic returns. In accordance with commodity loan agreements, trade agreements, and loan conversion agreements, China's exports to Burma in recent years have consisted principally of light industrial and technical goods, chemical industry commodities, machinery, and small hardware items. It has imported from Burma mostly rice, jade, and timber.

Cooperation between China and Burma on cultural exchanges, as well as friendly radio broadcast and television, news, and music exchanges are also constantly increasing and steadily developing.

2. Sino-Burmese Border Problems

The Sino-Burmese border begins in the northwest at Kuyang Pass in Chayu County in the Tibetan Autonomous Region and runs southeast to the mouth of the Nanla He in Mengla County, Yunnan over a distance of more than 2,100 kilometers. The Yunnan section consists of more than 1,990 kilometers, and the Tibet section consists of more than 180 kilometers.

Prior to the founding of new China, the Sino-Burmese border was formally demarcated by the governments of both countries. Following Great Britain's invasion and occupation of all of Burma in 1885, between 1886 and 1941 a total of eight treaties or protocols were signed by the Qing government or the Kuomintang government on the Sino-Burmese border or involving the Sino-Burmese Border including the Sino-British Burma Protocol, the Sino-British Protocol on Continuing Discussion of the Burma Border and Commercial Matters, and Sino-British Exchange of Documents on the Yunnan-Burma Boundary, which formally demarcated the border between the two countries. However, because Great Britain violated provisions of the treaties, or purposely occupied Chinese territory in the boundary survey process, as well as because of contradictory provisions in some treaties, some unresolved problems remained in the demarcation of the Sino-Burmese border. The areas in controversy were mostly in three different sections of the border as follows:

One was in a section to the north of the Jian'gao Shan. This section of the border had never been demarcated. During the period that it ruled Burma, Great Britain constantly nibbled away at Chinese territory in this region. Between 1900 and 1927, it employed armed force to occupy all the land to the north of the Jian'gao Shan and Gaoligong Shan, and it took over the land west of Lika Shan. It also set up administrative control in these areas. In early 1911, Great Britain even occupied the Pianma Region, which is a part of Chinese territory. This created the "Pianma Incident," which created a stir for a time. Although Great Britain was forced, as a result of intense opposition from the Chinese people, to acknowledge that all occupied sites in Pianma, Gangfang, and Gulang belonged to China, they continued aggression in

this region nevertheless, and they did not return this region to China. As a result, the border problem in this section was never resolved.

The second was in a section of the border in the Washan Region. In 1894 and 1897, China and Great Britain signed a treaty on the Sino-Burmese border, and although this treaty contained provisions regarding this section of the border, because of contradictions in the articles concerned, this section of the border was not clearly demarcated for a long time. To create a fait accompli for aggression against and occupation of Chinese territory, Great Britain manufactured numerous disputes about this section of the border. In early 1934, Great Britain sent military forces to invade areas under jurisdiction of the Banhong Tribe and the Banlao Tribe. These forces encountered heroic resistance from the local Wa nationality in what was the famous Banhong Incident. In 1941, Great Britain used the opportunity that China's predicament in the War of Resistance to Japan provided to threaten to seal off transportation routes between Burma and Yunnan to force China's Kuomintang government to revise the text of the agreement demarcating the boundary line in the Washan Region, i.e., the 1941 line. Because of the outbreak of the Pacific War shortly thereafter, no markers were erected along this section of the border.

The third was in the Mengmao Triangle. This area is Chinese territory, but before the signing of the Sino-Burmese border treaty between China and Great Britain in 1894, the British built a highway in this region without the consent of China. In 1897, under the name of a so-called permanent lease, Great Britain obtained administrative control over this piece of Chinese territory, and annually paid a certain amount of money each year to the Chinese government. Following Burma's independence in 1948, the "permanent lease" of this region continued; however, when the Burmese tendered the lease money to the Kuomintang government, it refused it.

Following the founding of new China, the joint affirmation and initiation of the five principles of peaceful co-existence by the premiers of China and Burma in the early 1950s, in particular, served as a principle for guiding both countries in the fair and reasonable resolution of border problems. When the Burmese premier visited China in December 1954, the premiers of both China and Burma announced in a communique on their talks: "Inasmuch as the border between China and Burma has not yet been completely demarcated, the premiers of both countries believe it is necessary to resolve this problem in a friendly spirit, at an opportune moment, and through normal diplomatic channels." At the end of 1955, a border conflict that broke out between Chinese and Burmese border guard units at Huangguoyuan increased the urgency of resolving border questions. In 1956, acting in accordance with its peaceful, good-neighbor policy, China proposed a basis for resolving the border problems between the two countries, which very quickly produced a response from the

Burmese. Acting in accordance with the five principles of peaceful co-existence, the two countries overcame all difficulties through friendly discussions and mutual compromises to sign the Sino-Burmese Border Treaty in Beijing on 10 October 1960. On 13 October 1961, they also signed the Sino-Burmese Border Accord, which formally completely resolved the border problems between the two countries.

On the border problem involving the section to the north of Jiangao Shan, the Chinese felt that Pianma, Gangfang, and Gulang should be returned to China. The Burmese said that a legal basis existed for the return of these three areas to China, and that Burma ought not demand these three places. The border treaty provided as follows: Burma agrees that the Pianma, Gulang, and Gangfang areas belong to China and that the British armed forces encroached upon and occupied little by little between 1905 and 1911 are to revert to China.

On the Washan area section of the border and in the Mengmao Triangle area, acting in accordance with the agreement reached between China and Burma in 1956, China's military forces withdrew from the area west of the "1941 line" before the end of 1956. Burmese forces withdrew from Pianma, Gulang, and Gangfang, thereby paving the way for the two countries to resolve problems in the Washan region and in the Mengmao Triangle region. During the talks on the border problems, the Chinese said that the Mengmao Triangle is Chinese territory, and the British so-called "perpetual lease" should be scrapped. However, if the Mengmao Triangle were to be turned over to China all of a sudden, Burma would have transportation difficulties. The "1941 Line" Banhong and Banlao tribes administrative area, which was to be demarcated as Burmese territory is not only somewhat smaller than the Mengmao Triangle area, but the Banhong and Banlao have always had close relations with China. The chiefs of both tribes live in Chinese territory. In view of the real interests of both the Chinese and Burmese, as well as because of the practical difficulties involved, China wanted to exchange the Mengmao Triangle area, which was to be returned to China, in exchange for the Banhong and Banlao tribal areas that Burma inherited and administered. The Burmese agreed to this proposal. Therefore, the Sino-Burmese border treaty contained the following provisions on these two sections of the border: (1) Both parties have decided to abrogate the "perpetual lease" that Burma maintains on the Mengmao Triangle area, which belongs to China (an area of more than 220 square kilometers), and the Chinese agree to transfer this area to Burma. Burma agrees to designate as belonging to China the Banhong and Banlao tribal areas that belong to Burma in accordance with the 1941 revision signed between China and Great Britain on the southern section of the Yunnan-Burma border.

As a convenience to the administration and control of both parties, both parties also made necessary readjustments in sections where villages straddled the demarcation line as tribal relations and the production and daily life of the local inhabitants necessitated.

In accordance with the border accord, both countries quickly completed the task of surveying the border and implanting markers to define the border line between both countries. The boundary line of all streams between China and Burma that are now deemed unnavigable is to run down the middle of the streams. The center line of the streams is to be set at the mean high water level. Islets and sandbars in streams that are located on the Chinese side of the middle line are to belong to China; those that lie on the Burmese side of the middle line are to belong to Burma. The ownership of those that straddle the middle line of the stream is to be determined through negotiation by both parties.

The complete and thorough solution to the Sino-Burma border problems enabled this more than 2,100 kilometer boundary to become a peaceful and friendly boundary. "Not only does this permit the residents along the Sino-Burmese border to live in peace and prosperity, but it also benefits the peaceful construction and the friendly cooperation of the people of both China and Burma. The Sino-Burma border treaty is yet another milestone in the development of friendly relations between China and Burma; it is a shining example of the friendly co-existence of peoples of all nations in Asia; and it is a fine model for the resolution of border problems and other disputes between all countries in Asia." (Premier Zhou Enlai speech in the capital on 2 October 1960 at the conference in which people in all walks of life celebrated the signing of the Sino-Burma border treaty.)

(2) Relations Between China and Laos [passage omitted]

1. Development and Evolution of Sino-Lao Relations

China and Laos are linked by common mountains and rivers, and the peoples of the two countries have a long historical tradition of friendship, friendly relations going back more than 1,700 years. Following the founding of new China, the development of political, economic, and trade relations and cooperation between Laos and China increased substantially over what they had formerly been. Before the establishment of diplomatic relations between the two countries, the Chinese government and the Chinese people actively supported the struggle of the Lao people for independence and liberation. China was a participant in the 1954 Geneva Conference and in the 1962 Geneva conference on Laotian problems. The Chinese delegation made a series of positive suggestions in support of the independent sovereignty and neutrality of Laos to solve the Laotian problem, and together with the Laotian government and patriotic front, as well as representatives of friendly states, the Chinese delegation made major contributions to make the conference successful. After the Geneva Conference, the government of China resolutely opposed the United States' instigation

of pro-American influence in Laos to damage the Geneva Conference and statements and actions to provoke civil war. At the same time, it vigorously supported all patriotic forces in Laos to safeguard the Geneva accords, and to conduct a righteous struggle to make Laos a peaceful, neutral, and independent country. It also hoped to establish and develop neighborly and friendly relations with Laos. In 1956, Prince Souvanna Phouma led a royal Lao government delegation on a visit to China where China said that it would unswervingly act on the basis of the five principles of peaceful co-existence to be a good friend and neighbor of Laos in just the same way that we desire to be good friends and neighbors with all neighboring countries. On 25 April 1961, Premier Zhou Enlai and Prince Souvanna Phouma, the prime minister of the royal Lao government who had been invited to visit China, issued a joint statement at Hangzhou announcing the establishment of formal diplomatic relations between China and Laos. Following the establishment of diplomatic relations, political and economic relations between the two countries developed steadily. In 1975, Laos' struggle against the United States for national salvation triumphed, and China's leaders including Chairman Mao Zedong, Central Military Commission director Zhu De, and Premier Zhou Enlai jointly cabled congratulations. Between the early and late 1970s, Laotian leader Kaysone Phoumvihan visited China three times, and Chinese leaders frequently met with Laotian leaders visiting China in the further enhancement of Sino-Lao relations.

From the establishment of diplomatic relations between China and Laos at the end of 1970, economic relations and trade between the two countries saw substantial development. In January 1962, China and Laos signed an agreement for China's construction, free of charge, of highways in Laos. According to the agreements, China would help Laos build eight highways totaling more than 800 kilometers in length from China's Yunnan border to Phong Saly in Laos. The highways were completed in May 1963 and turned over to the Laotians. In 1974, China and Laos signed an agreement whereby China would help build a highway from Mengnanba in northern Laos to Luang Prabang. As a result of the Lao government's unilateral termination of the agreement in March 1979, the highway construction project was halted. In August 1974, the two countries signed a civil aviation agreement, and in October of the same year, they signed an economic and technical cooperation agreement and a posts and telecommunications cooperation agreement. Following founding of the Democratic People's Republic of Laos, the governments of the two countries signed a new economic and technical cooperation agreement in March 1976. Between 1960 and 1978, China has given Laos assistance totaling 1.18 billion renminbi.

With the escalation of the Vietnamese authorities' Cambodian invasion and anti-China activities, as well as Vietnamese control over Laos and the sowing of discord between China and Laos since the late 1970s, the Laotian government has gradually become estranged from

and has chilled relations with China, a detour in the development of Sino-Laos relations resulting. In July 1978, the Laos government demanded that the Chinese government withdraw the Chinese Embassy economic attache office at Muong Sai, Laos. In March 1979, Laos also unilaterally declared a halt to Chinese assistance projects in Laos, demanding that the Chinese withdraw technical personnel and experts providing assistance to Laos projects, and close the XINHUA branch office in Vientiane. In 1979 and again in 1981, it limited the number of personnel in China's embassy in Laos, and in July and August 1980 respectively, the ambassadors of China and Laos were recalled. In addition, coerced by Vietnam, Laos has constantly increased military forces and built fortifications in its northern border region, stating that they are for the purpose of dealing with the Chinese "threat" and "aggression." It has also permitted the USSR to establish satellite monitoring bases in its capital, Vientiane.

Since the mid-1980s, with an easing in overall international relations, the normalization of Sino-Soviet relations, and movement toward a political solution of the Cambodian problem, thanks to the joint efforts of both countries, Sino-Laos relations have improved appreciably. In December 1986, Chinese Deputy Foreign Minister Liu Shuqing [0491 6615 0615] accepted an invitation to visit Laos to hold talks with first deputy foreign minister, Khamphai Boupha. This marked the first meeting between high ranking officials of both countries since the deterioration of Sino-Laos relations at the end of the 1970s. In the course of their talks, the Chinese proposed that both parties exchange ambassadors as quickly as possible and revive trade relations. The Chinese also invited the Laos deputy foreign minister to visit China at a suitable time. In November 1987, the Laos deputy foreign minister visited China where the deputy foreign ministers of both countries reached an agreement on the restoration and development of relations between the two countries on the basis of the five principles of peaceful co-existence. In accordance with the agreement, the two countries exchanged ambassadors in June 1988. In August 1989, the first deputy foreign minister and concurrently first deputy minister of the Zhonglianbu [0002 5114 6752], Thongsavat Khaikhamphithoun, visited China where both sides reached unanimous agreement on the restoration of relations between the communist parties of Laos and China. In September, the two countries drafted a consular agreement and a visa exemption agreement. Travel between the two countries steadily increased, and border trade became more and more lively. On 5 October 1989, the chairman of the Council of Ministers of the Democratic People's Republic of Laos and concurrent People's Revolutionary Party General Secretary Kaysone Phomvihane visited China. Conversations between the supreme leaders of the parties of both countries marked the complete restoration of party relations between China and Laos.

China and Laos are linked by common mountains and rivers. The revival and development of relations between the two countries is not only in keeping with the fundamental interests of the people of both China and Laos, but it

is also beneficial for the peace and stability of the Southeast Asia region. Both China and Laos are developing countries that are currently facing the tremendous task of developing their economy and raising the standing of living of their people. They both need a peaceful international environment and a surrounding environment that is stable for a long time to come. Therefore, the revival and development of relations between the governments and parties of both countries helps promote neighborly and friendly relations between China and Laos, and helps both countries study and borrow experiences from each other in construction and reform.

2. Sino-Lao Border Problems

The border between China and Laos intersects with the western part of the border between China and Vietnam. It rises in the high mountains where the borders of China, Vietnam and Laos intersect at Jiangcheng Hani-Yi Autonomous County in Yunnan Province, and runs southwestward to the mouth of the Nanla He in Mengla County, Yunnan, a distance of more than 400 kilometers.

The demarcation of the China-Laos border is in accordance with the provisions of Annex to Special Articles From Continuing Discussions on Border Affairs, which was signed between China and France on 20 June 1895, demarcation occurring in 1896. In 1893 Laos was reduced to the status of a French colony. At the end of the 19th century, coerced by the French colonial authorities, the Qing government ceded to France territory totaling approximately 3,000 square kilometers in area consisting of Mengniao and Niaode as well as Moding and Mobie in Annex to Special Articles on Continuing Discussions on Border Affairs. A Sino-French treaty of 1895 formally defined the current China-Laos border.

Although defined long ago, disputes continued about individual sections of the China-Laos border, principally about Sulazhai. This stockaded village, which has both a new and an old section, is located in the cordillera. On the basis of the treaty, which prescribes the watershed as the boundary line, both new and old Sulazhai belong to China. Nevertheless, on various pretexts, Laos continued not only to use the mountain spine as the boundary line, which is to say it used a so-called watershed favorable to itself as the boundary. This led to controversy about the border. Using the principle of mutual give and take, following bilateral discussions in 1981, the new stockaded village reverted to Chinese ownership, and the old stockaded village came under Laos jurisdiction.

In addition, in accordance with provisions of the 1895 Special Annex to the Sino-French Boundary, the "Mengrun area reverts to China." A tract of land west of the Mengrun He approximately 25 kilometers long and approximately 10 kilometers wide was ceded to China.

In 1948, the French and Lao armies illegally invaded that tract. After representations, the Laotians withdrew. Following founding of the new China, the Chinese government instituted formal administration of this area.

The Sino-Laos border has been a peaceful and friendly border for a long time. The border between the two countries is linked by common mountains and rivers, roads traverse it, and border peoples visit relatives, go to market, and move across it in a close relationship. In the new international circumstances, so long as matters are handled strictly in accordance with the five principles of peaceful co-existence, neighborly and friendly relations between China and Laos will be gradually established. [passage omitted]

Major Problems in Relations Between China and Neighboring ASEAN States

The Philippines, Malaysia, Indonesia, Singapore, and Brunei are China's southeastern neighbors. Prior to invasions by western colonialists, the Chinese people and the peoples of these five nations enjoyed friendly intercourse. After the invasion of the colonialists, the Chinese people and the peoples of these five countries sympathized with each other, supported each other, and deepened friendship in the struggle against colonial rule and in the winning of national independence and the liberation of their countries. During the 1970s, China established diplomatic relations with the Philippines and Malaysia, and bilateral relations have continued to develop rather well. Despite the lack of diplomatic relations between China and Singapore, relations between the two countries have continued to maintain a fine development momentum. Relations between China and Indonesia have gradually improved, and the time for normalization of relations is not far off. Relations between China and Brunei will steadily improve as China's relations with Indonesia and Malaysia improve. China and the five ASEAN nations belong to the third world. They are all developing countries facing the daunting tasks of opposing imperialism, opposing hegemony, supporting world peace, and developing their national economies. The Chinese government devotes extremely close attention to establishing and developing long-term, stable neighborly and friendly relations with the five ASEAN nations. Establishing and developing bilateral friendly and cooperative relations on the basis of the five principles of peaceful co-existence is not only in keeping with the fundamental interests of both parties, but it assists peace and stability in the southeast Asia region. It cannot be denied that for various historical and real reasons generally known to all, some conflicts and differences exist between China and the five ASEAN nations. The main ones are as follows:

1. Contention About the Spratly Islands.

The Spratly Islands are made up of 230-odd islets, reefs, and shoals, including 33 islets, 120-odd reefs, and 70-shoals. There are only seven islets larger than 0.1 square

kilometer in area. The islands cover a 244,000 square kilometer ocean area. China's incontestable sovereign right to develop the Spratly Islands is attested to not only by the history of China's working people in the Spratly Islands as well as the large amount of cultural relics that have been unearthed, but it has also been internationally recognized by a large number of nations. Even nations involved such as Vietnam and the Philippines did not contest that the Spratly Islands belong to China at international conferences prior to the 1970s. The problem results from American and Soviet continued strengthening of their military deployments in the Asia-Pacific region, Subic Bay in the Philippines becoming America's largest naval base in the Pacific, and Cam Ranh Bay becoming the forward base for the USSR's Pacific Ocean fleet. This brought both the American and Soviet military bases into confrontation with each other across the Spratly Islands ocean domain, thereby further highlighting the importance of the Spratly Islands strategic position. In addition, with exploitation of the seas and development of the ocean economy, the aquatic resources and mineral resources rich Spratly Islands attracted greater attention. Some experts concerned believe that petroleum development prospects in the South China Sea are far greater than in the British North Sea fields. In a basin near Zengmu Ansha alone, oil and gas reserves total approximately 13 billion tons. It is against this background that first Vietnam and then the Philippines invaded and occupied some of the islets and reefs in China's Spratly Islands. In its Republic No. 3046 order issued on 16 June 1961, the Philippines acknowledged that the Spratly Islands are not included within the territory of the Philippine Islands; however, in a press conference in 1971, former President Ferdinand Marcos publicly declared that the Spratly Islands are so-called "contested" islets, and that Philippine occupation is a decisive factor in determining the ownership of these islets. Subsequently, Philippine forces were sent to invade and occupy several islets in China's Spratly Islands. On 11 June 1978, Marcos signed presidential order No. 1596 declaring that the "Kalayaan Islands" (eight islets in China's Spratly Islands that the Philippines occupied), including the sea bed, coastal zone and territorial area are under sovereignty of the Philippine Islands. Since 1976, the Philippines has consistently prospected for petroleum and natural gas on Lide Shoal, and Filipino fishermen have long fished in China's Spratly Islands.

After 1977, Malaysia also hurriedly followed Vietnam and the Philippines in invading and occupying some of the islets and reefs of China's Spratly Islands. Even such a small country as Brunei also made territorial demands on China, declaring that certain islets on the southern tip of the Spratly Islands belong to it.

Following founding of new China, the Chinese government solemnly declared several times that the islands of the South China Seas, including the Spratly Islands, "are islets belonging to China," and "have always been Chinese territory" on which encroachment will not be

tolerated. In recent years, the Chinese government has several times reaffirmed its sovereignty over the Spratly Islands in response to the aggressive actions of several countries against China's Spratly Islands. It hopes through political and diplomatic means to find a solution and to urge an early withdrawal of illegal occupation of the Spratly Islands by the nations concerned. Chinese naval flotillas have also patrolled, made on-the-spot investigations, and conducted exercises in the Spratly Islands on many occasions by way of reiterating and expressing determination to defend national territorial sovereignty, and to recover and protect the Spratly Islands.

2. The Chinese and Overseas Chinese Problem

The emigration abroad of the Chinese race began during the Qin Dynasty 2,000 years ago, but most Chinese emigration came after the Opium War of 1840. Imperialist aggression's opening wide of China's tightly closed main gate destroyed China's natural economy of self-sufficiency, with the result that countless bankrupted impoverished peasants and handicraft industry workers had no choice but to turn their backs on their native villages to emigrate abroad. Western colonialists also made off with large quantities of local labor along China's southeastern areas, causing the immigration abroad of numerous people. Statistics show approximately 30 million overseas Chinese residing abroad on all the earth's continents. More than 90 percent of them have foreign nationality, and more than 80 percent of these are congregated in Southeast Asia, particularly in the ASEAN nations. Overseas Chinese and Chinese are engaged in a wide variety of occupations, holding a fairly important position in the economic life of some countries. Together with the local people, they have made their own contribution to the independence and construction of the countries in which they live, and they have forged firm friendships with the local people.

Before World War II, both China and its Southeast Asian neighbors were in a colonial and semi-colonial status. At that time, most Chinese immigrants to Southeast Asia retained their Chinese nationality, and although the overseas Chinese problem had arisen, it was still not an extremely prominent one. After World War II, one after another the countries of Southeast Asia became independent, and a dual nationality problem resulting from the historically different legislative principles regarding nationality in use in China and in the countries in which the overseas Chinese lived gradually accentuated the problem. This led to various concerns and fears about the overseas Chinese dual nationality issue in some neighboring countries. Following the founding of new China, the central government gave the overseas Chinese problem the attention it deserved. Not only did it raise the issue of the protection of the just rights and interests of the overseas Chinese, but it also explicitly stated that it would not use overseas Chinese to interfere with the internal affairs of other countries. The basic position of the Chinese government was that there was no need for dual nationality. If an overseas Chinese wanted to take

the nationality of the country of residence, he or she must give up Chinese citizenship. If he or she wanted to retain Chinese nationality, he or she would not be a citizen of the country of residence. The Chinese government hoped that the overseas Chinese would themselves chose citizenship in the country of residence. It asked overseas Chinese to abide by the laws, rules and regulations, and social customs of their country of residence to contribute to the advancement of friendship between China and the peoples of the countries where overseas Chinese lived.

It was on the basis of the foregoing principle that China and Indonesia first resolved the overseas Chinese dual citizenship issue. In April 1955, the foreign ministers of China and Indonesia signed the Treaty Between China and Indonesia on the Dual Nationality Issue at Bandung. In December 1960, both parties also drew up and promulgated Methods To Implement the Treaty on the Dual Nationality Issue. In May 1961, both countries formally began the work of choosing nationality. Results of the nationality choice showed that most persons holding dual nationality voluntarily selected Indonesian citizenship. Thus, the dual nationality problem between China and Indonesia was largely solved smoothly. However, later on, as a result of complications between China and Indonesia, two serious anti-Chinese incidents occurred in Indonesia in 1959, and again in 1963. Following the 30 September Incident in 1965, some people in the Indonesian government used the 30 September Incident to create anti-Chinese sentiment, cruelly oppressing overseas Chinese and Chinese. Many people were labeled with the "crime" of supporting or sympathizing with *Parti Komunis Indonesia* and thrown into jail. Disturbances occurred many times in the overseas Chinese district of Djakarta. In April 1969, Indonesia unilaterally abrogated the treaty with China on the dual nationalist issue. As a result, the Chinese and overseas Chinese issue once again became a prominent problem in relations between the two countries.

Today Indonesia has more than 6 million overseas Chinese scattered throughout the country, most of them living in Djakarta. During the past decade, the situation of overseas Chinese in society has improved in comparison with formerly, and the position of overseas Chinese capital in the economic life of Indonesia has increased. However, as a result of the Indonesian government's promotion of a policy of "economic assimilation" of overseas Chinese businesses, quite a few overseas Chinese capitalists are apprehensive. In some departments of the government, prejudice against Chinese and anti-Chinese incidents are still a regular occurrence.

The Philippines has 1.1 million overseas Chinese and Chinese today, only slightly more than 10,000 of which are overseas Chinese. When China and the Philippines established diplomatic relations, the overseas Chinese dual nationality issue was resolved. After President Corazon Aquino came to office, she publicly announced equal treatment for overseas Chinese and Filipinos. In

some areas, nevertheless, prejudice and anti-Chinese incidents also occur sometimes.

Singapore has 1.9 million overseas Chinese. Proceeding from a comprehensive program for consolidating national unity, the Singapore government pursues a policy of equality of all races. It stresses mutual cooperation, mutual prosperity, and living in harmony among all races. As a result of a decline in the birthrate of overseas Chinese and an increase in emigration to developed nations in recent years, the Chinese are steadily declining as a percentage of the total population. As part of its efforts to maintain national political stability and security, in July the Singapore government promulgated new regulations relaxing restrictions on immigration, and decided to take some Chinese workers into Singapore from Hong Kong and elsewhere over the next five years.

Malaysia has more than 5 million Chinese, which account for 34 percent of its population. Because of their customs and way of life, the Chinese very much appreciate products from China. They particularly like Chinese food, drink, alcoholic beverages, and herbal medicines. However, Malaysia adopted a policy limiting overseas Chinese trade with China. It maintained restrictions for a very long time that "overseas Chinese businessmen less than 30 years of age may not visit China," abolishing them only in 1984. Numerous other restrictions still exist today. Malaysian overseas Chinese business today involves numerous fields including steel and iron, textiles, automobile assembly, electrical appliances, paper-making, shipbuilding, sugar refining, and construction materials. These businesses hold an important position in Malaysia's economic life. Nevertheless, the status of overseas Chinese capitalists in society rises very slowly and labors under various restrictions. Since the 1970s, the Malaysian government has practiced a policy of "Malaysians first," and "indigenization" of the economy. It has taken various actions in the commercial, employment, economic, and educational fields to discriminate against or restrict the overseas Chinese, thereby violating the legitimate rights and interests of the overseas Chinese.

The Chinese government has long maintained that overseas Chinese of foreign nationality have become citizens of a foreign country; thus they no longer bear the responsibilities and duties toward China that a Chinese citizen should bear; however, they are still relatives of China. Overseas Chinese and Chinese should abide by the laws and regulations of the country of their residence, and work together like the local people in building up the country. The Chinese government opposes all forms of racial discrimination, including discrimination against overseas Chinese, on the part of countries of overseas Chinese residence. The legitimate rights and interests of overseas Chinese must be respected and protected.

3. Relations of Neighboring ASEAN States With Taiwan

Relations of neighboring ASEAN states with Taiwan are longstanding. Prior to the 1970s, Malaysia and Taiwan had "consular relations"; the Philippines and Taiwan had "diplomatic relations," and Singapore and Taiwan had close contact as well as mutual visits between high ranking leaders. During the mid-1970s, with improvement in relations between the United States and China, as well as the penetration and expansion of the USSR in southeast Asia, the ASEAN nations gradually changed their attitude toward China in realization, to a certain extent, of the importance of improvement and development of relations with China in the maintenance of peace in the region. Therefore, during the mid-1970s, first Malaysia and then the Philippines established diplomatic relations with China. In the communiques between China and Malaysia and between China and the Philippines on the establishment of relations, both Malaysia and the Philippines stated that they recognized the People's Republic of China to be the sole legal government of China and that Taiwan is only a province of China. They also broke diplomatic relations with Taiwan. However, for various reasons, both Malaysia and the Philippines continued to develop relations with us while also continuing to maintain "substantive relations" with Taiwan. Relations between Singapore and China also developed very well, but Singapore's relations with Taiwan are also extremely close.

During the 1980s, high ranking government officials of ASEAN nations and important personalities from Taiwan have exchanged visits several times at an increasingly high level and increasingly openly. Economic relations and trade between both parties has increased enormously, and high ranking military persons from both sides regularly visit each other. Some countries also jointly manufacture military equipment with Taiwan, or transfer to Taiwan certain new national defense technology. Of course, the overall situation of friendly relations between China and its ASEAN neighbors cannot change fundamentally within a short period of time, nor can relations between the ASEAN neighbors and Taiwan go too far. However, it must be realized that the maintenance and development of "substantive relations" with Taiwan by some neighboring ASEAN countries both violates the fundamental principle of "only one China" reached in the communique on the establishment of diplomatic relations, and it also violates pertinent provisions of international law. It both casts a shadow on the development of relations between neighboring ASEAN states and China, and produces a negative effect on the peaceful unification of the China mainland and Taiwan. China has expressed concern and uneasiness to individual ASEAN neighboring countries about their development of official relations with Taiwan in the hope that the countries concerned will maintain only unofficial relations with Taiwan for the sake of safeguarding friendly relations with China.

Effect of Neighboring Southeast Asia Countries on the Security of China's Southeastern Border Region

The countries of Southeast Asia are close neighbors to southeast China. Peace or war, stability or tension,

poverty or prosperity in Southeast Asia inevitably generate an important effect on the security and stability of China's southeastern border region.

Since the end of World War II, as a result of the interaction of historical and practical reasons, as well as for various southeast Asian regional and international reasons, conflicts among various political forces in Southeast Asia have been extremely sharp, and the struggle extremely complex. As a result, Southeast Asia has long been a "hot spot" area that has attracted the attention of the world. The peoples of all countries of Southeast Asia have tasted to the full the bitterness of warfare and upheaval, and their economic development has also been seriously damaged. China's southeastern border has also faced a serious threat for a long time. Since the mid-1980s, thanks to the effects of the easing of the international atmosphere, after a long contest among the various political forces in the southeast Asia region, the forces for peace have grown greatly, and the forces for war have pulled back and weakened. People's thoughts have turned to peace, and nations are striving to become strong. Changes of crucial importance are underway in the "much troubled" southeast Asian region. What the effect on the security of China's southeast border area will be during and after this period of change is a matter that merits serious attention and examination. An analysis of it from only two aspects is made here.

(1) With the Easing in Relations Between the United States and the USSR, as Well as the Increasing Prospects for a Political Solution to the Cambodian Problem, China's Southeastern Border Region's Security Environment Will Gradually Improve

First is a relaxation of the tense confrontation between the two superpowers—the United States and the USSR—in the Southeast Asia region. Military contention has weakened. The history of post-war international relations shows that the threat to the peace and security of China's southeastern border area as well as to the Southeast Asia region came mostly from the intense battle between the superpowers in the Southeast Asia region, as well as from the aggressive expansion of regional hegemonism. During the 1950s, the United States cobbled together an anti-communist, anti-socialist military encirclement in Southeast Asia, and during the 1960s the United States launched a prolonged war of aggression against Vietnam, which brought the flames of war to China's south gate. At the same time, the United States also supported the Chiang Kai-shek clique on Taiwan in numerous harassments and attacks against the mainland. During the late 1960s and the early 1970s, mired in warfare and having an ability that fell short of ambitions, the United States had no choice but to readjust its Southeast Asia policy and withdraw its military forces from Indochina. Temporary peace dawned in Southeast Asia. But good things never last long. At the end of 1978, with the support of the Soviet Union, Vietnam launched a large scale war of aggression against Cambodia. Not only did this directly damage the

peace and stability of the Southeast Asia region, but it strengthened and expanded Soviet power in this region and also challenged America's interests in the region. After the Reagan administration came to office in 1981, the United States pursued a tough "return to Asia," and "push back" the USSR policy. In this connection, the United States strengthened its ties with the ASEAN nations, particularly its security and defense relations with the ASEAN nations, while also adopting a tough policy on the Cambodian problem to meet the challenge that the USSR and Vietnam posed. The intense conflict between the United States and the Soviet Union in the Southeast Asia region, as well as the struggle for and against hegemony, which were interwoven, made southeast Asia the modern world's hot spot once again. Peace in the Southeast Asia region was broken, and China's southeastern border region faced a serious security threat.

With the signing of the intermediate missile treaty between the United States and the USSR in the mid-1980s, a relaxation occurred in relations between the two world class powers. This relaxation in relations between the United States and the USSR marked the first easing of efforts to win total dominance during the 21st century in which both sides went through a long military struggle in which neither side was able to prevail over the other, and in which the power position of both sides declined. The basis for relaxation is firmer than in the past, and the depth and breadth of the relaxation is also unprecedented. Therefore, this relaxation between the United States and the USSR is not a tactical readjustment but a strategic change. With the easing of relations between the United States and the USSR, the tense confrontation between the two in Southeast Asia has abated and conflict has receded. In a quest for a political compromise on the Cambodian problem, by taking direct action to lower the temperature and by exerting oblique influence, both sides are doing all possible to avoid an increase in tensions. On 16 September 1988, Soviet leader Mikhail Gorbachev made another statement about Southeast Asia issues in a speech at Krasnoyarsk. In discussing the reduction of confrontation and the strengthening of security in the Asia-Pacific region, he proposed that the United States and the Soviet Union, as well as other nuclear powers, should freeze nuclear weapons in the Asia-Pacific region and jointly draw up measures to ensure the safety of shipping and aviation routes and to prevent accidents in the Asia-Pacific region. He also explicitly said that if the United States would close its military bases in the Philippines, the USSR would be willing to give up its "fleet materiel and technical supply point" at Camranh Bay. Although the United States made a positive reply to the Soviet proposal, it also gave it a cautious reception. Although the struggle between the United States and the USSR in Southeast Asia cannot halt for some time to come, the tense confrontation between the two will gradually ease. This will play a positive role for realizing peace in Southeast Asia and for safeguarding the security of China's southeastern border region.

Second, the vigorous support of neighboring ASEAN nations for the Cambodian coalition government and for the resistance to Vietnam that this coalition government leads has made a positive contribution to halting the expansion of aggression and supporting peace and stability in the Southeast Asia region. The ASEAN nations were on guard early on against the Soviet Union's penetration and expansion in Southeast Asia. To make Southeast Asia a peaceful, free, and neutral area without foreign interference, the five ASEAN nations refused the 1972 request of the USSR and other countries to internationalize the Straits of Malacca, and in 1973, they unanimously rejected the Soviet Union's proposal for an Asia security system. The increase in Soviet expansion following the end of the Indochina War made the ASEAN nations feel uneasy about the region's and their own individual security. Vietnam's invasion of Cambodia with Soviet support at the end of 1978 created a serious direct threat to the security of neighboring ASEAN countries as well as to peace in the region. In defiance of brute force and in support of justice, the neighboring ASEAN nations worked together as one in the adoption of various means to wage a struggle against the expansion of Vietnamese aggression. At successive United Nations General Assembly meetings and ASEAN foreign minister conferences since 1979, the ASEAN nations have strongly condemned Vietnamese aggression against Cambodia, and have vigorously demanded that Vietnam withdraw its forces from Cambodia in an unceasing effort to find a political solution to the Cambodian problem. The ASEAN nations have continued an economic embargo against Vietnam, and have actively demanded that international society bring political, economic, and military pressure to bear on Vietnam to force Vietnam to withdraw its forces at an early date. The resolute support of neighboring ASEAN countries for the Cambodian people's resistance to Vietnam struck a serious blow to Vietnam's regional hegemonistic aggressive expansion, making an important contribution to the halting of aggression and the maintenance of peace in the southeast Asia region. At the same time, it also created favorable external conditions for the long-term security of China's southeastern border area.

Third, China's neighboring ASEAN countries are all developing countries that are part of the third world and face the common task of developing their economies, and improving the standard of living of their people. Despite the conflicts and estrangements that exist among the nations of Southeast Asia, on major issues such as safeguarding peace in the region and promoting the economic development and prosperity of the region, their wishes and needs are identical. The regular conversations among all the nations of Southeast Asia, particularly among the leaders of the six ASEAN countries in which they discuss common problems, have increased understanding and established a pattern for living together in harmony and friendly consultation. Despite the numerous elements for instability in the political situation of southeast Asian countries, overall, the situation is stable. The living together in harmony of most

nations in Southeast Asia, and the stability of the political situation in most countries are important elements in safeguarding the peace of the region.

Fourth, relations between China and most of its southeast Asian neighbors have improved and strengthened. Southeast Asia is a close neighbor to China. The establishment and development of enduringly stable friendly relations with each of the neighboring countries of Southeast Asia is an important goal of China's foreign policy. Dispute twists and turns in China's relations with individual neighboring nations of Southeast Asia since founding of the new China, relations with most countries have developed well. In recent years, with the change in the international situation as well as readjustments in China's foreign policy, relations between China and its southeast Asian neighbors have exhibited a rather good trend of development. China-Burma, China-Philippines, and China-Malaysia relations continue to develop steadily, and relations between China and China were completely restored and normalized in October 1989. Relations between China and Indonesia have improved gradually; normalization of relations between the two countries is not far off. Then, the establishment of diplomatic relations between China and Singapore will be put on the agenda. Of course, as a result of historical, geographic, and ideological differences, various contradictions and disagreements exist between China and its southeast Asian neighbors; nevertheless, the common understandings and the points of similarity between China and its southeast Asian neighbors are greater than the points of difference between them. So long as a spirit of seeking common ground while reserving differences is followed and the five principles of peaceful co-existence are used as a guide, timely and satisfactory handling of problems in mutual relations, and peaceful and friendly harmonious relations will gradually be established.

(2) As a Result of Great Power Rivalries, as Well as the Emergence of New Rivalries of Various Kinds During This Period of Change in Southeast Asia, the Security of China's Southeastern Border Area Will Face Multiple New Challenges

It must be realized that despite the weakening of military conflict factors in the region during this period of change in Southeast Asia, this does not mean the disappearance of big power military forces, nor does it mean the complete elimination of confrontation. Although the easing of the situation in the Southeast Asia region today reduces the danger of war and a spread of conflict, it does not, nor can it, eliminate conflicts and disagreements in regional political, military, and economic relations, or in the ethnic and religious fields. Relaxation is a means of regulating antagonistic clashes; it does not end antagonistic clashes. Although it is true that tense situations existed during the past period of tension, there will also be relaxation problems during the period of relaxation. One might say that changes of turning point proportions in the Southeast Asia region, as well as the readjustments of policies in all countries that they occasion are bound

to produce new groupings of forces and new antagonisms. The ingredients of the struggle and the methods of struggle will undergo major change. Clashes between the interests of all countries and a contest for overall power will escalate to an important position. As a result, during this turning point period, Southeast Asia will pose many faceted challenges at a higher level and over a broader area to the security of China's southeastern border area.

The military presence of the United States and the Soviet Union in Southeast Asia as well as the rivalry between them remains the main factor causing tension and upheaval in the region. Although relations between the United States and the USSR have improved substantially, only these two nations are capable of destroying each other militarily. The content and form of their struggle in the Southeast Asia region will change anew, but their mutual adversarial situation has not changed.

Southeast Asia is the crossroads between Asia and Oceania, and between the Pacific Ocean and the Indian Ocean. It is a main ocean communications route connecting Asia, Africa, and Europe whose strategic position is extremely important. The waters of the Southeast Asia region are vast, so sea transportation holds an important place. Therefore, control of main sea transportation routes, particularly some choke point areas, is of crucial importance to the United States and the Soviet Union in improving or strengthening their strategic position in the Southeast Asia region. To achieve their goal of mastery of the sea, both sides are increasing their deployments to overseas bases. During the past several years, the Soviet Union has further expanded its military facilities at bases in Camranh Bay, Nghien Harbor, and Bangton Harbor. This holds major significance for improvement of the Soviet Union's domination of the western Pacific, as well as for increasing its ability to control major sea routes such as the Straits of Malacca and the Bashi Channel. The United States is also further improving and expanding its base system in Southeast Asia. It has expanded its naval base at Guam, and its air base at Udorn in Thailand was reactivated in 1981. The United States is also building pre-positioned equipment and ammunition warehouses in Thailand to improve its emergency logistical supply capabilities in the southeast Asia regions. Facilities at America's Subic Bay and Clark Field bases in the Philippines have also been substantially improved in recent years. Despite the steady rise in anti-base forces in the Philippines, the United States' attitude has always been that the bases must be maintained at any cost, and it has declared that "retention" of America's military bases in the Philippines is necessary for peace in Southeast Asia.

Although the Soviet Union has adopted a fairly relaxed posture on the Cambodian problem; on the basic issues, the Soviet Union still supports Vietnam and the Phnompenh regime. After the Bush administration came to power, it also increased cooperation with Southeast Asia countries such as Thailand, Singapore, and Indonesia, and supplied them with military assistance and equipment to counter the USSR and Vietnam. The facts show

that the rivalry between the United States and the Soviet Union in the Southeast Asia region has not stopped. Specifically, Vietnam's failure really to withdraw completely from Cambodia, its control over Cambodia, its failure to change basically its control over Cambodia and its basic intentions for an Indochina federation create a real threat to peace in the Southeast Asia region.

Economic development of the Southeast Asia region shows maintenance of a fine development momentum in the region in recent years. Singapore, one of the "four small tigers" of Asia, had an economic growth rate of more than 10 percent in 1988, and Indonesia had 4.5 percent. Thailand and Malaysia are vying for the title of Asia's "fifth small tiger." Laos, which has long imitated the Soviet and Vietnamese economic pattern, has also begun economic system reform in recent years, which is expressed in "changing the natural economy to a commodity economy, and opening to the outside world." In short, with political solution to the Cambodian problem, the battlefield is gradually shifting to the marketplace. Economic development and economic cooperation in the Southeast Asia region will further improve. This situation both creates favorable conditions for the region's development of economic cooperation with China, and also may reveal conflicts in the economic interests of both parties that result in intense competition.

On the issue of China's territorial disputes and other conflicts with its southeastern neighbors, some of its southeast Asian neighbors have occupied some of the islets and reefs in China's Spratly Islands for a long time despite China's numerous protests and warnings. Once conditions are ripe for China's navy to take back these occupied islets and reefs, this will inevitably intensify conflicts with the countries concerned. Particularly noteworthy is that once the Cambodian problem has been solved, the basis for political cooperation with its southeast Asian neighbors for coordinated opposition to Vietnam's invasion of Cambodia will tend to disintegrate. Therefore, contradictions and disputes between both parties over territorial disputes, the Taiwan problem, and the Chinese problem will likely escalate and become more prominent. This is bound to have a negative effect on the security of China's southeastern border area. Full appreciation of the security threat that China's southeastern border region faces and greater war preparations in the southeastern coastal region is an extremely real and urgent task. [passage omitted]

Effect on the Security of China's Northeastern Border of the Situation on the Korean Peninsula

The Korean peninsula is the gateway to northeastern China. How the situation on the Korean peninsula develops, as well as how relations between China and both North Korea and South Korea develop has an important effect on the security of China's northeast.

1. Analysis of the strategic environment on the Korean peninsula shows that the situation on the Korean peninsula is crucial to the safety of China's northeastern border area as well as to peace in the Asia-Pacific region. Today, thanks to the further easing of the international situation and the situation in the Asia-Pacific region, future development of the situation on the Korean peninsula will mostly show a trend toward relaxation. Because of its strategic interests and its interest in maintaining the status quo on the Korean peninsula, the United States will continue to support South Korea's political and economic development for the sake of security and stability on the Korean peninsula. On the other hand, to influence the development of Soviet-Korean relations, in recent years it has begun to show flexibility in relations with North Korea. To accelerate development of its internal economy, the Soviet Union is gradually improving and adjusting its relations with both South and North Korea. On the one hand, it is continuing to support North Korea politically, diplomatically, militarily, and economically for further development of Korean-Soviet relations, while on the other hand greater flexibility and easing has begun in relations between the USSR and South Korea. Bilateral cultural relations and the exchange of persons, as well as both direct and indirect economic relations and trade are developing steadily. One might say that neither the United States nor the Soviet Union wants to damage the balance of power on the Korean peninsula at the present time. Neither side wants an increase of tensions on the Korean peninsula, much less does it want a confrontation in this region. For Japan, both in seeking "political power" status, and for the development of its economic strength, it requires a stable situation on the Korean peninsula. For China, reform and opening to the outside world is the basic policy into the 21st century for which the 1990s is an extremely important period. China will do all possible to avoid conflicts with surrounding countries; it does not want to "cross the Yalu River" again. In addition, China has always made the attainment and safeguarding of detente and stability on the Korean peninsula an important goal in its foreign relations.

A look at the policy of several major powers toward the Korean peninsula shows that the political and military confrontation on the Korean peninsula will not likely change within a short period of time, but neither is the possibility of large scale armed clashes very great. The overall trend will be tension alternating with relaxation, relative stability being maintained amidst limited tension. By comparison with formerly, the strategic environment on the Korean peninsula also shows great prospects for improvement. The direct and real threatening elements of the past are gradually declining. This situation is favorable for the security and stability of China's northeastern border region.

It must also be realized at the same time, however, that the shadow of great nation power has always shrouded the Korean peninsula, and the adversarial relationship of the Soviet Union and the United States on the Korean

peninsula has not changed fundamentally. Thus, the elements for tension and upheaval on the Korean peninsula continue to exist. This is bound to create a latent threat to the security of China's northeastern border.

The Korean peninsula is located among China, the USSR, and Japan, and lies astride the strategic waterway leading from the Sea of Japan to the East China Sea and the Yellow Sea. Its back to the continent, it is separated from Japan only by the narrow Korean Strait. Thus it forms a natural springboard and bridge between the Japanese islands and the Asian mainland. Its strategic position is extremely important. Historically, the Japanese imperialists have regarded the Korean peninsula as a springboard and a base for attacks against China. In February 1904, the Japanese army's First Army landed at Inchon and Chinnampo. After occupying Seoul and Pyongyang, it invaded the north. At the end of April, it forced its way across the Yalu River to invade China's northeast where, in conjunction with other units, it fought a decisive engagement with the main force of the imperial Russian army in northeast China at that time. The Japanese army defeated the Russian army and ultimately seized the southern part of China's northeast. In 1910, the Korean peninsula was completely swallowed up by Japan.

At the end of World War II, although Japanese power was driven out of the Korean peninsula, in time rivalry among the super powers intensified in this area. Czar Nicholas II said that the establishment and expansion of Russian power in Asia was the key to ruling the world. The Korean peninsula and the Japanese islands are both located at strategic points in the Pacific Ocean astride the sea route from the Soviet Union eastward into the Pacific Ocean. Thus, they have become an extremely important objective in the Soviet Union's eastern front strategy. Following World War II, the Soviet army occupied the northern part of Korea where it used the ports and bases. At the same time, it occupied four northern islands of Japan where it set up military bases. In recent years, the USSR has taken the opportunity that the withdrawal of American forces from the region provides to intensify its penetration and the accretion of power. Today, more than one-fourth of its nuclear power and conventional forces are deployed in the Far East Pacific region, and it has established a "Far East Theater Headquarters" in charge of several military regions in this area. In addition, the Soviet Union regularly sends aircraft and ships on maneuvers in the Korean Strait, and conducts joint combat exercises with North Korea directed against the American and Japanese navies and air forces. In the face of this challenge from the USSR, the United States has organized forces stationed in South Korea and Japan into a "Northeast Asia Military Alliance" both to match the USSR and to "contain" and threaten China.

During the Reagan administration, the United States changed the pull back of forces from northeast Asia of the Carter administration. It strengthened cooperation with South Korea in the military, economic, and other

fields, and expanded its existing military bases network in the region, the region becoming the "biggest and most important link" in the Asia-Pacific region. Thus, by linking its northeast Asia defense line and its southeast Asia as well as its Pacific Ocean defense front together, it created a multi-level containment sphere against the USSR from north to south, thereby effectively countering the Soviet strategy of moving eastward into the Pacific Ocean and southward. In July 1989, the Bush administration reiterated that the United States would abide by the United States-Korea "Joint Defense Treaty," and continue to station forces in South Korea. During wartime, American forces in South Korea numbered more than 300,000. Despite the withdrawal of one infantry division during the Nixon administration, today there are still more than 43,000 troops stationed there. Furthermore, South Korea has deployed a sizable number of nuclear weapons and new model conventional weapons. The American stationing of forces in South Korea is not only necessary to counter the southward advance of the USSR, but is also a part of its Pacific Ocean strategy. It is a link in the protection of its own interests in the Asia-Pacific region. Not only does the United States station troops in South Korea, but it also annually conducts with South Korea what are termed the western world's largest scale "Team Spirit" joint military exercises. It also helps the South Korean army modernize its weaponry. The American military presence in South Korea, as well as the military resistance actions taken, not only intensify tension and tumult on the Korean peninsula but seriously interfere with peaceful progress in the dialogue between north and south Korea.

In a certain sense, the confrontation between North and South Korea is an outgrowth of the confrontation between the United States and the Soviet Union. The military conflict between North and South Korea of 26 May 1950 inevitably led to a Korean war on a large scale. After the invasion by American forces, they quickly crossed the 38th parallel to bring direct pressure on the Sino-Korean border. At the same time, the American Seventh Fleet blockaded the Taiwan Strait in the very rapid formation of an encircling and offensive posture toward China. The historical scene of imperialism using the Korean peninsula as a springboard for gobbling up China was acted out once again. Of course, thanks to the heavy attacks of the Korean and Chinese people, America's designs were thwarted; however, history demonstrated once again that the situation on the Korean peninsula is closely related to China's security. Take the situation on the Korean peninsula today where, despite progress in relaxation, the factors causing tension and tumult on the Korean peninsula have not been eradicated. American forces have remained in South Korea since the end of the Korean War, and the United States has signed a "Joint Defense Treaty" with Korea. South Korea and Japan also maintain extremely close political and economic relations. The United States, Japan, and South Korea have actually formed a military pact relationship. North Korea signed a separate "Treaty of

Mutual Assistance and Cooperation" with the Soviet Union and China, and to counter the United States, the Soviet Union steadily strengthened its military forces in the Far East. Consequently, the mutual adversary position of the superpowers on the Korean peninsula has not, and cannot, change fundamentally with the easing of the international situation. This means that the easing of the situation on the Korean peninsula is limited. The factors causing tension and tumult on the Korean peninsula remain and create, no doubt, a latent threat to China.

2. Analysis of the power position and mutual relations between North and South Korea shows that North and South Korea will continue limited dialogue, which will lead to greater relaxation of the situation on the Korean peninsula. This is because from North Korea's standpoint, despite powerful military forces, its economy is in fairly bad shape. In addition is the threat of American power, plus China's and the Soviet Union's desire to maintain stability on the Korean peninsula and not support solution to the unification problem through military means. This means that the North Korean army will not make a rash move southward. From South Korea's standpoint, the development of political democratization will gradually ease the internal political turmoil, and will inject vitality into economic development. Since South Korea is militarily inferior, its safety continues to depend on the United States. In a situation of further relaxation and development of relations between the United States and the Soviet Union, and between the United States and China, restraining warfare and protecting the status quo on the Korean peninsula is more in America's strategic interest. Without American support, the possibility that the South Korean authorities might launch an armed offensive against the north is not very great. In short, for some time to come, relations between North and South Korea will improve. Although the military confrontation between north and south may be difficult to eradicate, this confrontation will not result in fairly large scale military clashes.

One must also clearly realize that because of serious differences between north and south about national unification, the uneven development of the economy north and south, the estrangement of thinking and outlook, and the lack of trust resulting from long separation and different social systems and ideologies, which cannot be eliminated in a short period of time, substantive advances in relations between North and South Korea will be difficult to achieve. Antagonisms and refusal to budge will continue. Not doubt, this will create a latent threat to the security of China's northeast.

A look at the military and economic future of Korea, north and south, shows both sides have substantial potential for development. The consequences of this for the safety of China's northeast border cannot be ignored. First of all, both North and South Korea have fairly powerful military forces. As a result of long military confrontation, both sides have devoted an extremely large amount of attention to the development of military forces.

The military forces of the Korean People's Democratic Republic—the Korean People's Army—were founded on 28 February 1948. The people's army consists of an army, an air force (including anti-air forces), and a navy totaling more than 780,000 in number. This includes an army of 700,000 divided into armies, divisions, and regiments. Equipment includes 3,900 tanks and armored vehicles, and 300 ground-to-ground and ground-to-air missiles. The navy has 33,000 men and 540 vessels of various kinds organized into two fleets. The air force has 51,000 men and 740 aircraft organized into regiments and squadrons. The general secretary of the Korean Workers Party and national chairman is the supreme commander of the armed forces, and serves concurrently as the chairman of the Central Military Commission Defense Committee. The people's armed forces and general staff exercise direct control over the armed forces. The General Political Bureau and the General Logistics Bureau are separately responsible for military and logistics work for the whole armed forces. Korea has a compulsory military service system for which the periods of service for enlisted men is as follows: Army, five years; Air Force three to four years. Defense expenditures for 1984 were 3,956,900,000 won, or approximately 14.6 percent of the total national budget.

South Korea's armed forces were founded during the period of American army occupation. They consist of an army, a navy, and an air force totaling 620,000 men, including 540,000 in the army, which is made up of 21 combat divisions and has 2,000 tanks and armored vehicles, and more than 7,900 artillery pieces. It is also equipped with 100 ground-to-air missiles. The navy has 49,000 men equipped with more than 100 combat ships. The air force has 33,000 men and 440 combat aircraft. In addition is a marine corp of 20,000 men. American forces in South Korea currently number more than 40,000 with 110 combat aircraft. The South Korean constitution provides that the president is the supreme commander of the three armed forces. The Ministry of National Defense and the Combined Chiefs of Staff and the Joint Staff Headquarters are directly in charge of the armed forces. In November 1978, the United States-Korea Joint Forces Command was established, the Korean military forces and American army combat command in South Korea becoming subordinate to that headquarters. South Korea has a military conscription law and also enlists volunteers. The period of service for enlisted men is as follows: Army and Marine Corps, 2.5 years; Air Force and Navy, three years. An additional 100,000 man defense force is made up of persons physically qualified for conscription who cannot be placed in the armed forces. They are separately assigned to service in military units. South Korea's national defense budget for 1985 was \$4.2 billion, which was 33.1 percent of total government expenditures.

Since the 1980s, the South Korean military forces' equipment has substantially improved, numerous advanced weapons being added such as the American-made F-4 and F-16 fighter planes, and the Korean-produced Model K-1 tank, which was specially designed

for mountainous terrain. Both the caliber of troops and the degree of modernization of weapons and equipment are unprecedented. If the strength of the American garrison forces is added in, the strength of South Korea's armed forces exceeds that of Japan's. In addition, South Korea's military industries have developed very rapidly. Today, they are able to produce tanks, missiles, destroyers, jet fighter planes and other weapons. In the future, the South Korean authorities will further strengthen military forces by relying on ever increasing economic strength and American support.

North Korea's armed forces are larger than South Korea's. In addition, they have a certain number of advanced Soviet-made weapons, and the cohesiveness of military units is quite strong. North Korea's present armed forces could resist South Korea for a long time. Were the opposing military forces of North and South Korea to be united under a single command, the conventional forces on the Korean peninsula would number 1.4 million, or about half of China's conventional forces. Furthermore, this force is still developing steadily. Such a tremendous armed force on the Korean peninsula cannot but pose a threat to the security of China's northeast.

Second, South Korea's increasing economic strength as well as its potential for economic development also cannot be ignored.

The Korean Democratic People's Republic promulgated a land reform law in March 1946, and in August it announced nationalization and the institution of a planned economy. As a result of the war, North Korea's economy sustained serious damage between 1950 to 1953. After the war, it instituted the 1954-1956 three year plan during which industrial and agricultural production substantially recovered their pre-war levels. In 1958, it announced completion of the socialist transformation of production relationships. In 1970, it announced socialist industrialization. Korea's industry consists mostly of mining, metallurgy, power, machinery manufacture, chemical fibers, and textiles. Bringing all farmland under irrigation and mechanization have been gradually realized in agriculture. The main farm crop is paddy rice. Land transportation is mostly by rail. The main trading partners are the USSR, China, and Japan. Principal exports are machine tools, metal manufactures, cement, and aquatic products. Imports include petroleum, and coking coal. In short, after more than 40 years of national construction, North Korea's economy has achieved substantial size, with some of its industrial wares entering international markets. Overall, however, because of the shortage of capital and some irrational factors in the system, economic development continues to face numerous difficulties and problems. Economic strength will not increase very greatly within a short period of time.

Despite the large amount of American assistance to South Korea immediately following the war until the early 1960s, because of the unstable political situation

and political corruption, the economy did not develop rapidly. With support from the United States and Japan from the early 1960s to the late 1970s, South Korea's economy attained rapid development growing at by about an average 10 percent per year. Since the 1980s, South Korea's economic development has been even more spectacular, but for the next several years, the development momentum may slow. Nevertheless prospects remain optimistic. This may be seen from the following table.

Particulars	1962	1987	1991 (estimated)
Economic Growth Rate %	3.1	12.0	7.5
GNP (\$100 million)	23	1,186	2,260
Per Capital GNP (\$)	87	2,826	5,100
Normal Receipts and Expenditures	\$100 million	98	60
Total Imports and Expenditures (\$100 million)	4.7	883	1,500
Net Foreign Debt (\$100 Million)		224	0

In recent years, the political situation in South Korea has been unstable, labor disputes frequently occurring. The trend toward trade frictions with western countries has also been on the increase. Despite some effect on economic development, overall, this has not had a serious effect on the sustained growth of the economy. This shows that after long development, South Korea's economy possesses a substantial foundation and potential. Western countries generally feel that the Seoul Olympic Games of the fall of 1988 marked the entry of the South Korean economy into the ranks of the advanced industrial nations. Some people even predict that sooner or later South Korea will become a "second Japan."

As for the effect on the security of China's northeastern border of North and South Korea, economically, politically, and militarily it is South Korea's challenge to China that will be greatest and most serious. South Korea's economy has developed rapidly, and its science and technology re-advanced. Its military might has increased steadily. In particular, in recent years the South Korean authorities have changed their former passive and conservative political and diplomatic attitude. They have gone on the offensive against the north in their dialogue with North Korea, and have striven to "improve political and economic relations" with socialist countries including China by way of seizing the political initiative. With continuation of China's economic reform and opening to the outside world, particularly implementation of the coastal economic strategy, unofficial exchanges between China and Korea in the

economic, trade, cultural, and athletics fields are bound to increase. From the Chinese point of view, the development of economic and trade relations with South Korea has a good side and a bad side. Because of the influence of South Korea on Taiwan, politically it may benefit the unification of China; however, China has to take into account its relations with North Korea. Given the realities of the political situation on the Korean peninsula, the expansion of unofficial cultural and economic relations between China and South Korea will go hand in hand with political and diplomatic isolation for a long time to come. Over the long term, the diplomatic and economic contradictions and frictions that this situation causes will steadily develop, and this will be disadvantageous to the security of eastern China.

In short, for some time to come, because of great power restraints and the differences between the social systems and comparative strength north and south, no armed unification of the Korean peninsula will occur, and peaceful unification will be difficult to realize. The general trend will be peaceful co-existence and long-term co-existence. This is an objectively existing situation among the many factors affecting the security of China's northeast border. It calls for our taking of a realistic and long-range strategic view in exploring and studying it further. [passage omitted]

(1) Evolution of Sino-Japanese Relations

From the founding of new China in 1949 until the normalization of diplomatic relations between China and Japan in 1972, relations between China and Japan went through trying times. Since some Japanese leaders adopted a policy of going along with the United States and regarding China as an enemy, for a considerable period of time following the founding of new China, Sino-Japanese relations were not normalized. Opposition to the foregoing official Japanese policy, and making a start with the development of people-to-people relations between the two countries to spur the normalization of Sino-Japanese relations was the main ingredient in China's diplomacy toward Japan. Thanks to the joint efforts of the people of both countries, friendly contacts between the people of both countries, and economic and cultural exchanges never ceased during this period, thus favorable conditions were created for the normalization of relations between the two countries.

During the early 1970s, major changes occurred in the international situation. The United States said that "China should not be regarded as an enemy forever," and it sought to improve relations with China. China's legitimate seat in the United Nations was restored, and its international position and influence steadily increased. All these things increased the momentum among people of all strata in Japan to call for the restoration of diplomatic relations between China and Japan. To meet the needs of the developing situation and improve relations between China and Japan, in October

1971 the Chinese government proposed three principles for the restoration of Sino-Japanese diplomatic relations as follows: the government of the People's Republic of China is the sole legal government representing China. Taiwan is an inseparable part of the territory of the People's Republic of China. The "Japan-Taiwan Treaty" is illegal and invalid; it should be abrogated. The "three principles" very rapidly aroused a very great reaction and support in Japan. With the investiture of the Tanaka cabinet, Japan expressed full understanding of the three principles that China had proposed for the restoration of diplomatic relations between the two countries and gradually changed its former policy of "leaning to one side" toward the United States. It adopted a foreign policy of reliance on the United States, drawing support from China, joining with the third world, and countering the USSR. In September 1972, Premier Tanaka accepted an invitation to visit China. Thanks to the joint efforts of China and Japan, the heads of both governments signed a joint declaration announcing that effective from the date of publication of the declaration, the abnormal state existing between China and Japan would come to an end. "Japan feels a deep sense of responsibility for the great injury that Japan created in the past for the Chinese people as a result of war for which it expresses profound self-examination. The Chinese government declares renunciation of demands for war reparations from Japan for the sake of friendship between China and Japan." In a joint communique, both sides declared that they agreed to establish and develop lasting peaceful and friendly relations between the two countries on the basis of the five principles of peaceful co-existence. The normalization of diplomatic relations between China and Japan opened a new chapter in relations between the two countries.

Following the establishment of diplomatic relations, the governments of the two countries signed a succession of government agreements on trade, aviation, shipping, and the fishing industry. In August 1978, the foreign ministers of the two countries signed the "Sino-Japanese Treaty of Peace and Friendship." The treaty provided that both China and Japan would resolutely develop lasting peaceful and friendly relations between the two countries on the basis of the five principles of peaceful co-existence; established the mutual use of peaceful means to resolve all disputes and would not resort to armed force or the threat of armed forces; and desired to continue efforts to develop economic and cultural cooperation and to promote contacts between the people of both countries. The two sides also declared that neither party should seek hegemony in the Asia-Pacific region or in any other region, and that they opposed the establishment of such hegemony by any other nation or combination of nations. Politically, the signing of the Sino-Japanese treaty of peace and friendship further affirmed the friendly relations between the two countries. It indicated that friendly relations between China and Japan had entered a new historical period. Officials and civilians of both countries frequently visited back and forth in the development of widespread exchanges in the political, economic, scientific and technical, and cultural fields.

Since the 1980s, Sino-Japanese relations have entered a stable period of friendly development. Both sides recognize that despite differences in the systems of the two countries, to deepen mutual understanding and mutual trust, greater dialogue between the governments is necessary in international affairs. Specifically, an earnest exchange of views on the situation in the Asia-Pacific region and bilateral relations is necessary to safeguard the peace and stability of the Asia-Pacific region and to promote exchanges and cooperation between the two countries.

In November 1982, the Japanese prime minister said, "The development of good and stable relations between Japan and China is an important pillar of Japan's foreign relations. Japan's basic policy of developing friendship between Japan and China will continue." Chinese leaders also several times stated that the development of friendly neighborly relations with Japan on the basis of the Sino-Japanese joint declaration and the Sino-Japanese treaty of peace and friendship is a basic national policy of China. In its foreign relations, the Chinese government gives an important position to the development of Sino-Japanese relations. In November 1983, the leaders of the two countries unanimously agreed to increase "mutual trust" on the basis of the three principles of bilateral relations, namely "peace and friendship, equality and mutual benefit, and long-term stability," and decided to establish the "Sino-Japanese Friendship 21st Century Committee" in which old, middle age, and young representatives may take part. After the new cabinet came to power in Japan in 1987, the Japanese government many times stated that it wanted to develop further friendly relations with China. The maintenance and development of friendly relations between China and Japan is in keeping with the basic interests of the people of both countries, and beneficial to the peace and stability of Asia and the world.

(2) Main Problems in the Development of Sino-Japanese Relations

Despite marked development of friendly, cooperative relations between the two countries since establishment of diplomatic relations between China and Japan, some problems have also arisen. The main problem in Sino-Japanese political relations is the Japanese handling of the past aggression against China of the militarists, and relations between Japan and Taiwan.

Problems in political relations between China and Japan have been manifested in a series of incidents such as the textbook problem, the Yasukuni Shrine problem, and the Chinese dormitory problem. After the textbook problem occurred in 1982, the Japanese Ministry of Education officially approved as "acceptable" the *New History of Japan* published by the Citizen's Association for the Defense of Japan, which seriously distorted

history and openly reversed the verdict on the war of aggression. More than 30 places in the *New History of Japan* distorted history, prettified the aggression of Japan's militarists, and showed the war of aggression of China in a favorable light. For example, the textbook portrayed the bogus Manchukuo, which the Japanese aggressors alone supported, as a "benevolent government of a happy land," it described the Marco Polo Bridge Incident, and the Shanghai Incident as "the Japanese army was forced to go to war." It termed the "rape of Nanjing" as "an act of self defense that the Japanese army was forced to take," etc. The Chinese government made serious representations about this.

Japan-Taiwan relations are another major problem in political relations between China and Japan. When diplomatic relations between China and Japan were regularized, both governments agreed to an understanding that Japan and Taiwan should only maintain people-to-people and local contacts. Thereafter, the Japanese government said many times that Japan would maintain a one China position, and Japan-Taiwan relations were strictly limited to people-to-people contacts. However, Japan adopted various means to set up with Taiwan a "People-to-People Institution" that was actually an official representation. Not only were relations between Japan and Taiwan not curtailed but greatly developed. In recent years, economic, trade, and personal contacts between Japan and Taiwan have steadily expanded. "Substantive relations" between both have developed rapidly. During September and October 1986, pro-Taiwan forces in Japan held a so-called campaign to acclaim Chiang Kai-shek's "bequeathed virtue" in Tokyo and Osaka that preached "two Chinas." In February 1987, in disregard of the Sino-Japanese joint statement, the "Sino-Japanese Treaty of Peace and Friendship," and the norms of international law, the Osaka Superior Court insisted on awarding Chinese-owned property, the "Chinese dormitory," to the "Republic of China," which the Chinese people had overthrown and from whom the government of Japan had withdrawn recognition. This decision was not only a political mistake, but was also difficult to justify in law. Moreover, the Japanese constantly declared that the Chinese dormitory issue was a simple civil suit by way of covering up the substantive nature of this issue. The Chinese dormitory issue is a major matter of political principle that is actually the creation of "two Chinas" or "one China and one Taiwan." It is an important matter that has a bearing on whether the Sino-Japanese joint declaration as well as the Sino-Japanese Treaty of Peace and Friendship will continue to be carried out and put into effect. China several times made serious formal representations and criticisms of Japan's conduct in violating the agreements in principle of the Chinese and Japanese governments.

Responsibility for the problems that have arisen in political relations between China and Japan does not rest with China. Japan's desire to become a "political power," and establish a big power image is a matter of

how it regards past history. The Chinese government is of the opinion that Japan's past war of aggression against China was launched by Japanese militarists. It created a serious calamity for the Chinese people, and the broad masses of the Japanese people also suffered deeply from it. We are in favor of looking ahead in Sino-Japanese relations, but that is not to say that this segment of history is not to be discussed, much less is it to say that this segment of history can be forgotten or ignored. Only respect for history and realistically explaining this segment of history will help educate posterity to remember firmly the lessons of history so that friendship between generation after generation of Chinese and Japanese will continue.

In addition to the political problems in Sino-Japanese relations are problems regarding economic relations and trade. The most prominent problem in economic relations and trade between the two countries today is the trade imbalance. China has an enormous adverse balance of trade with Japan. During the 15 years since establishment of relations, China's adverse trade balance has reached a cumulative \$21.5 billion, including an adverse balance of \$5.22 billion in 1985, and of \$5.135 billion in 1986. The Chinese feel that prolonged imbalance in trade between China and Japan is bound to hurt the development of deep economic relations between China and Japan. Thus, both countries should strive together on the basis of equality and mutual benefit to find ways to solve the problem and overcome difficulties in moving ahead. For Japan, this means a further opening up of markets, reducing restrictions, lowering tariffs, increasing imports of Chinese goods, and encouraging and moving ahead with investment in China and technology transfer. For China, this means improving the quality of merchandise so that Chinese goods better meet the needs of the Japanese market.

(3) Sino-Japanese Territorial Disputes

Territorial disputes between China and Japan are manifested mostly in the ownership of the Diaoyu Island islets, and the demarcation of the continental shelf boundary in the East China Sea and its development.

The Diaoyu Islands (Japan calls them the Senkaku Islands) are on the eastern tip of the continental shelf in China's East China Sea. They consist of Diaoyu Island (five square kilometers), Huanwei Islet (1,080 square meters), Chiwei Islet (154 square meters), Nanxiao Island (463 square meters), Beixiao Island (302 square meters), and some shoals. The Diaoyu Islands are approximately 120 nautical miles from Taipei, China, and separated from Japan's Ryukyu Islands by a 2,000 meter long ocean trench. Geographically speaking, the Diaoyu Islands are a dependency of Taiwan. A large amount of historical data shows that the Diaoyu Island islets have been Chinese territory since ancient times.

The Diaoyu Islands have belonged to China since the early Ming Dynasty. A book titled *Xiangfeng Xiangsong* [Going Along With the Wind] about sea travel published

during the reign of the Yongle emperor (15th century) carries an account about the Diaoyu Islands. This account is more than 400 years earlier than the Japanese historical reference to the Diaoyu Islands. In the 35th year of the reign of Jiajing (AD 1556) to prevent the dwarf pirates [the Japanese] from invading, the Ming Dynasty government appointed Hu Zongxuan viceroy for suppression of the dwarf pirates with responsibility for defense of the East China Sea. The Diaoyu Islands were part of his defense area. After Japan swallowed up the Ryukyu archipelago in 1897 and changed its name to Okinawa Ken [county], neither the Chinese nor the Japanese government recognized the Diaoyu Islands as being among the 36 islets of the Ryukyu archipelago.

In March 1962, however, the Japanese government trotted out a so-called "formal understanding" about the "Senkaku Islands," saying that the results of on-site investigations made since the "18th year of Meiji (1885) confirmed that these islands contained no trace of Qing government rule." It announced that "Japan's Cabinet Council has decided these islands are Japanese territory." Subsequently, Japan sent people to the Diaoyu Islands to conduct activities. In the process of signing the agreement for the return to Japan of Okinawa, the United States said that on the basis of the American "peace treaty" with Japan regarding "administrative authority" over Diaoyu, the Diaoyu Islands are included in the area to be returned, and were returned to Japan as well.

The Chinese government issued a statement on the aforestated Japanese and American infringement of rights expressing strong protest, and pointing out sternly that the Diaoyu Islands have been Chinese territory since ancient times, and that China holds incontestable sovereignty over the Diaoyu Islands. For the sake of peaceful and friendly relations between the people of both China and Japan, China proposed no unilateral action affecting the sovereignty of the Diaoyu Islands. When China and Japan established relations in 1972, and signed the Sino-Japanese Treaty of Peace and Friendship in 1978, China and Japan unanimously agreed to put aside the Diaoyu Islands issue for the time being, leaving solution to future deliberations. At a press conference in Tokyo in October 1978, Vice Premier Deng Xiaoping noted that the Senkaku Islands, or what we call the Diaoyu Islands have different names. Clearly both parties have a genuine difference of views. A meeting of the minds is not possible. Avoiding the issue is the wiser course. Such issues may be safely put aside. They may be put aside for 10 years without making any difference. Our generation is not wise enough; the next generation will certainly be smarter. It will be able to find a good method for solving this problem that everyone will accept.

However, since 1979, the Japanese government has set up a temporary helicopter airfield on the island, and it has sent people and ships to Diaoyu and to nearby waters several times to conduct investigation. It has also erected a so-called "sovereignty marker" on the island. Japan's conduct violates the unanimous view reached between

the leaders of both countries, and it damages friendly relations between the two countries. China has expressed concern and apprehension about this, and hopes that such incidents will not recur in the future.

On the demarcation of the continental shelf in the East China Sea, a difference also exists between China and Japan. According to provisions of the United Nations "Continental Shelf Treaty" of 1958, a so-called continental shelf is the sea bed and the sea bottom contiguous with the coastline that lies beyond the territorial sea. The continental shelf is a natural under water extension of the continent. In accordance with the principle that the continental shelf is a natural extension of the coastal country's continental territory, the East China Sea continental shelf is a natural extension of the territory of the China mainland. It belongs to China. However, since the early 1970s, the Japanese and South Korean authorities have signed a so-called "Japan-Korea Joint Continental Shelf Development Agreement" in disregard for the basic principles of international law and China's just rights and interests. Following an exchange of ratification documents between Japan and Korea, the agreement "became effective" in June 1978. According to the "agreement," Japan and South Korea have one-sidedly demarcated a large area of the continental shelf in the East China Sea as a Japanese and South Korean "joint development zone." Both sides have jointly invested in the development of petroleum and natural gas in the area.

Regarding the aforestated illegal activities of Japan and South Korea, the Chinese government several times solemnly declared: "The government of Japan and the South Korean authorities' demarcation behind China's back of a so-called 'Japan-Korea joint development zone' on the East China Sea continental shelf is an infringement of China's sovereignty with which the government of China positively does not agree. If the government of Japan and the South Korean authorities ill-advisedly engage in developmental activities in this area, they must bear full responsibility for all the consequences." The Chinese government maintains that in accordance with the principle that a continental shelf is a natural extension of a continent, China holds a right to the continental shelf that will brook no infringement. Portions of the East China Sea continental shelf to be divided with another country should properly be determined through joint discussion and agreement between China and the country concerned. The Chinese government's position is fair and reasonable. It strictly abides by the International Maritime Law Convention. We must express indignation at the Japanese government's wilful acts in disregard of the numerous solemn statements and protests of the Chinese government.

The Diaoyu Islands ownership and the East China Sea continental shelf demarcation issues involve sovereignty. Controversies and differences of opinion should be resolved through bilateral equal consultations. Should resolution be impossible for the time being, the matter

may be put aside temporarily. Regrettably, the Japanese government persists in error. This is bound to affect adversely the future development of Sino-Japanese relations.

The Effect on China's Eastern Border of Japan's 'Political Power' Strategy

(1) Transition From Being an Economic Power To Being a Political Power

Transition from being an economic power to being a political power was a strategic decision that the government of Japan made during the early 1980s as its economic strength steadily grew and the international environment became increasingly serious.

After becoming an economic power, a conspicuous contradiction Japan faced was that of being an economic power and a "politically small nation." Japan felt keenly that "to continue as an 'economic power but as a politically small country' was a crippled existence." Not only was it extremely inconsistent with Japan's economic status, but it was also very disadvantageous for subsequent development. Since the late 1970s, in particular, as the center of international society gradually shifted from the political and the military to the economic, the world economy was in a seriously unbalanced state. America's economic position had undergone relative decline; American-Soviet relations were easing, and the role of the economy and high technology was constantly increasing in overall national power. For Japan, which had a strong economy and scientific and technical power, this offered a fine opportunity to translate its great economic power into political power in an effort to become a "political power." Japanese strategic analysis believed that the era for Japan to play a monopolar role had come. During the early 1980s, the Japanese government proposed a clear-cut strategic policy for becoming a "political power." This strategy emphasized the need for Japan to "play a role consistent with being an economic power," and "increasing Japan's right to speak out on world politics." The Japanese government urgently wished to rely on its great economic strength to establish a position as a political power for Japan on the international stage. To attain this objective, since the 1980s Japanese diplomacy has pursued a "comprehensive security guarantee strategy" as a general policy in which it has employed economic, scientific and technical means, and employed flexible and ingenious diplomatic methods. While consolidating and strengthening the cooperative relationships between Japan and the United States, it has striven to improve relations with China and the far-flung developing countries of the world. It has sought dialogue with the USSR, and committed itself to "hot spot" diplomacy as means of realizing its strategic goal of becoming a "political power." The 1988 Japanese Foreign Affairs Blue Book stated explicitly that Japan's central diplomatic theme is that "Japan must make contributions to the world." It emphasized that Japan "must take major responsibility for maintaining and

developing international order." It declared that henceforth Japan is to play a political role on a global scale. Foreign press comment on this was that "seemingly, this is Japan's diplomatic 'political power' manifesto."

This "political power" strategy was a fairly "realistic" choice that Japan's ruling group made after diligent analysis of the international situation and Japan's power, and after repeatedly judging the advantages and disadvantages, and the gains and losses to be made. Successive governments thereafter could not lightly change this strategic goal.

(2) Increase in Military Strength, and Readjustment of Military Strategy

Greater military strength was one of the important requirements in Japan's quest for status as a "political power." To realize the strategic goal of making a transition from economic power to political power, Japan has steadily emphasized the building of its military forces in recent years. Japan's ruling class believes that power provides the backstop in international politics. A Japan that has only economic might but no military strength cannot play a greater role on the international stage. If Japan desires not to be looked down on by other countries, and have the right to speak out on international political issues, it must have the military might that goes with being an independent country. To this end, Japan actively improved its military reliance relationship with the United States while simultaneously employing its abundant economic might in the vigorous development of its military forces. In March 1988, the Japanese prime minister emphasized that Japan "must seek to build an appropriate high quality defense force." He also observed that "without national power and corresponding defense forces, not only would it be impossible to resist a military threat, but even alliance relationships could not be maintained, nor could the trust of allies be attained." This was the first time since the war than a Japanese prime minister openly proposed a strategic plan for expanding the armed forces. The International Committee of the Economic Council, which represents Japan's financial world, drew up an economic development five-year plan in 1988, which also included the building of defense forces for the first time. It said that "it is necessary to take into consideration the international military situation as well as our own country's economic and fiscal circumstances in seeking to re-equip defense forces in an effective and planned way." In August 1988, the 1988 defense white paper that the Japanese government Cabinet Council passed in August 1988 emphasized that the climate in which Japan finds itself is grim; thus Japan must further increase its military forces.

Numerous tendencies that bear watching emerge in Japan's development of military forces and readjustment of its military strategy:

One is the several times revised and readjusted defense policy. For a long time after the war, Japan's defense

strategy was to pursue "sole maintenance of defense" (also known as the "strategic defensive"). In 1985, Japan's prime minister proposed the combat idea of "annihilation of the enemy at sea," which added a new ingredient to "sole maintenance of defense." He declared that when necessary, the three straits: Soya, Tsugaru, and Tsushima should be blockaded, and shipping lines protected to 1,000 nautical miles south of Japan defended. To do this, Japan energetically developed its sea and air combat forces, and frequently conducted joint military exercises with United States forces. Pertinent data show that Japan and the United States had completed a joint study on the protection of shipping lines to a distance of 1,000 nautical miles, and had signed the documents concerned. Japan's plan to defend shipping lines to a distance of 1,000 miles would put a large water area, or the high seas, into its "defense" sphere eastward to Guam and southward to the Bashi Channel, including China's Taiwan Province. Clearly this exceeded requirements for "sole maintenance of defense." In 1988, the Japanese Strategic Research Institute sent a report to the government proposing that in the period after 1991, plans for the building of defense forces should fundamentally revise the former defense plan program, adding "threat deterrence" defense forces. Clearly, major changes had been made to the make-up of the "sole maintenance of defense" policy that Japan pursued for a long time after the war.

Second, Japan's military expenditures broke the 1 percent of GNP limit. In November 1976, on the basis of internal and external conditions at that time, the Miki cabinet made a rule that Japan's defense expenditures could not exceed 1 percent of GNP. During the succeeding 10 years, although never exceeding this 1 percent limit, the actual amount of Japan's defense expenditures each year steadily increased as GNP increased. In 1977, Japan's military expenditures were 1.6906 trillion yen; by 1986, they were 3.3435 trillion yen, doubling in 10 years.

In July 1985, the Japanese prime minister publicly said that Japan's military expenditures had to go beyond the 1 percent limit no matter what. In December 1986, the Nakson cabinet decided to set the 1987 defense budget at 3.5174 trillion yen, which was 1.004 percent of GNP to break a "forbidden zone" maintained continuously for a decade. Superficially, Japan's military expenditures exceeded the 1 percent limit by only 0.004 percent, but this was a qualitative change showing that Japan was accelerating the pace of military expansion. In December 1987, Noboru Takeshita told the Diet that he wanted to continue the decision of Nakson. Japan's military budget for 1988 was 3.7003 trillion yen, a 5.2 percent increase over 1987, and 1.013 percent of GNP. In January 1989, the Japanese government announced that Japan's defense expenditures for 1989 would be approximately \$30 billion, up 6 percent from 1988. This was the third year in a row since 1987 that Japan's defense expenditures broke the 1 percent of GNP limit. It is estimated that in 1990 Japan's military budget will amount to 6 or 7 percent of GNP.

Third was the steady bolstering of military strength through vigorous development of military industries. Following the war, Japan had always followed a policy of quality over quantity in building its armed forces. With the advent of the 1980s, the Japanese government still believed that in a future war quality rather than quantity would determine victory, and that both combatants would struggle for superiority in high technology. Today, although Japan's armed forces number only somewhat more than 290,000, 70 percent of them are officers or noncommissioned officers. Should it suddenly become necessary, the forces could be expanded rapidly. Since it is surrounded by ocean, Japan always made development of its navy and air force the strategic focus in expansion of its armed forces. During the present century, Japan plans to replace all of its navy and air force weapons and equipment to meet the world advanced level. In the building of its navy, Japan has decided to equip a "Houston" missile destroyer that can simultaneously attack more than 10 different targets, and it plans to import light aircraft carriers, to develop its naval forces from an in-shore to a blue water type. In the building of its air force, plans to spend 1 trillion yen to replace entirely the main fighter planes in its present air defense force, to increase fitting out of new interceptor aircraft and early warning aircraft, and to modernize its automated air defense warning command system, and to replace old model ground-to-air missiles with new model ground-to-air missiles. In February 1988, in stressing that Japan's military forces have reached a substantial level, an American military expert acknowledged that Japan has more than 50 destroyers, which is more than twice the number of destroyers that the United States Seventh Fleet has in the Pacific Ocean and the Indian Ocean. Japan has 100 anti-submarine patrol planes, and 100 F-4 Phantom fighter planes. By 1990, it will have 200 F-15 Hawk aircraft, and soon thereafter will have 300 Phantom and Hawk fighter planes. The new Five-Year Defense Plan will markedly increase Japan's military forces. It is estimated that around the year 2000, Japan will have high technology weapons that include unpiloted fighter planes, super smart bombs, stealth weapons, optical fiber guided missiles, light wave radar, and super high performance technical intelligence systems. Japan's 1988 defense white paper emphasized that improving the technical level of weaponry is an important link in improving Japan's defense forces, and it hinted that Japan must have intercontinental ballistic missiles, long-range strategic bombers, and attack aircraft carriers. All this fully shows that Japan already has a substantially modernized military force.

In recent years, Japan's military industries have become extraordinarily prosperous. Market transactions in military ordnance have broken the 1 trillion yen mark for six years in a row. To encourage and spur development of military industries, the ruling Liberal Democratic Party set up a league consisting of Diet members engaged in national defense activities to push for more defense equipment made in Japan, which improved liaison with military industries. Today more than 80 percent of

Japan's defense equipment is made in Japan. Japanese production of missiles has been serialized, and Japan has fully mastered nuclear weapons manufacturing skills. In delivery technology, a Model N-I rocket lofted an experimental satellite and a communications satellite into prescribed orbits. It is estimated by 1991, the completed Model H-I rocket will be able to carry a 2,000 kilogram satellite, and will be able to be used as a delivery vehicle for strategic missiles.

Various evidence points to no change in Japan's adherence to its plans for military expansion under guidance of its "political power" strategy. The pace of military expansion will steadily quicken. We must pay close attention to and be vigilante about this.

(3) Japan's Influence on the Security of China's Eastern Border

As an important neighbor of east China, the status and trend of Japan's national development will have a direct major effect on the security of China's eastern border, as well as the security of all China. Since the 1980s, Japan's international economic position has risen further, domestic politics have become more "right-leaning," military might has steadily increased, and economic frictions and conflicts between China and Japan have constantly occurred. Japan's economy and its science and technology pose a grim challenge to China's economic security.

As a major economic power, and as a nation on the move toward becoming a "political power," Japan's effect on China's security is greater than that of any of China's other neighbors. This shows both the "diversity," as well as its "profundity" and "complexity" of the effect.

Analysis of the military factor shows that by the end of the present century, Japan will not only constitute a major real threat to China, but the thrust of Japan's military expansion bears watching.

In March 1987, Japan's army, navy, and air force totaled somewhat more than 290,000 men, 191,000 in the army, 50,000 in the navy, and 51,000 in the air force. Though not a large number of troops, their training is excellent and their equipment superb. Japan's plan for building its armed forces is small but excellent. It values quality over quantity, and emphasizes reserve leaders and technical forces. More than 70 percent of its armed forces consist of officers and noncommissioned officers. Should war break out suddenly, troop strength could be rapidly expanded between five and 10 times. Statistics show Japan's tanks and artillery to be second best in the world; its navy is the world's sixth largest with only 168 ships and a total tonnage of 260,000 tons. In anti-submarine capabilities, it is second only to the United States. In air force planes and ground-to-air missiles, it stands second in the world in terms of air defense per unit of area concentration.

Japan is still not a major military power in comparison with the military might of the United States and the

USSR, nor can it become a major military power within a short period of time. Nevertheless, neither is it a "small country militarily." It is a nation holding very great war potential. Japan not only has a need to take a road toward being a major military power, but it also has all the requirements for becoming a major military power.

First, Japan's troop strength potential is very great. Although Japan today has fewer than 300,000 troops, if necessary, it could expand the number to several million within a short period of time. In 1943, Japan had a population of 74 million and 3.8 million troops. Extrapolating from this ratio, with a population of 120 million today, Japan could raise more than 6 million troops.

Second, Japan's abundant economic strength provides a solid economic foundation for the expansion of its armed forces. In 1987, Japan's GNP was \$2.4 trillion, half that of the United States or approximately 11 percent of world GNP. Per capita GNP was somewhat more than \$19,000, placing it in the front ranks of the world. In 1985, Japan became the world's number one trade surplus nation and creditor nation. In 1987, its foreign trade surplus stood at \$96.4 billion. As of the end of April 1989, Japan's foreign exchange reserves were more than \$100 billion. The Nomura Comprehensive Economic Research Institute estimates that by 1995 Japan will account for 15 percent of world GNP. Japan is beginning to be called a "super economic power."

Great economic strength provides the basis for increasing military expenditures. Since the 1980s, Japan's military expenditures have steadily increased by an average 6.7 percent annually. Between 1982 and 1987, Japan's military expenditures increased by a real 36 percent. In 1987, Japan's military expenditures amounted to \$33.67 billion (including military retirement funds) for third position in the world after the USSR and the United States.

Third, Japan's developed science and technology provides favorable technological conditions for the expansion of its armed forces. Today, Japan surpasses the United States in quite a few sophisticated technologies. In June 1984, a United States Department of Defense report cited 16 Japanese technologies including integrated circuits, optical fiber communications, millimeter waves, image identification, and rocket propulsion as "technologies in which the United States is interested." In particular, Japan's nuclear industry technology and space navigation technology have attained the advanced world level. Today, Japan has 35 nuclear power stations in operation. A recently published Soviet National Defense Department book titled *Japan's Armed Forces—Historical and Contemporary* believes that Japan is capable of rapidly producing approximately 1,000 atomic bombs. Space Development Policy Outline, which Japan drew up in 1985 plans for the launching of another 50 artificial satellites by the year 2000. Japan is intensifying research and development of space craft. The level of its space technology shows that Japan has mastered nuclear delivery techniques.

Fourth, nationalism has reared its head in Japan again. Great nation chauvinism is steadily growing, and provides an ideological foundation for expansion of the armed forces.

Obviously, both the material and ideological foundations exist for an expansion of Japan's armed forces. Japan positively will not ameliorate or change its set military expansion plans because of the opposition of neighboring countries or trends in the international situation. Of course, because of various limitations, the pace of Japan's military expansion cannot be too fast. It is generally estimated that during the present century, Japan will be able to develop its military forces steadily at moderate speed. Japan is quietly becoming a military power in the Far East and Asia-Pacific Ocean region. This is an objective fact that cannot be changed because people may want it to change. The growth of Japan's armed forces, particularly the growth of its navy, will complicate the security situation in the Asia-Pacific Ocean region, and at the same time, Japan's navy is bound to become a powerful adversary of China's navy as well as pose a threat to the security of China's eastern border. Therefore, for the sake of China's long-term interests, all possible must be done to contain or postpone the pace of Japan's expansion of its armed forces.

Analysis of land and sea territorial disputes shows that differences and contentions between China and Japan about the ownership of the Diaoyu Islands and the demarcation of the East China Sea continental shelf cannot be resolved in a short period of time. They will continue to drag on. It is noteworthy that Japan has several times paid no attention to either the basic principles of the Sino-Japanese Friendship Treaty or China's protests. It has acted wilfully, brazenly, and unilaterally staking actions that infringe on China's sovereignty. This will, no doubt, have a bad effect on Sino-Japanese relations.

Analysis of political factors shows that Japan will rely on its great economic strength in an effort to become a political power in the world that occupies a pivotal position. This poses a challenge to China's political position on the Far East and international stage, and its political interests. For every country in the world today, and particularly for every major country, competition has shifted from the military field to the political, economic, diplomatic, scientific and technical, and cultural fields. People generally realize that a country's security interests are expressed not only in military interests but even more in political interests and economic interests. The goal of Japan's development strategy for becoming a "political power" is to change its image as a "defeated nation," and begin to build Japan's prestige in world affairs to be able to attain a "dominant role" in the political affairs of the Asia-Pacific region.

Japan's position on the textbook issue, on the Japan-Taiwan relations issue, on the Yasukuni Shrine issue, and on the historical issue of individual important government personages denying Japan's aggression

against China have hurt China's political interests. Guided by its "political power" strategy, Japan is using its powerful economic might for the steady expansion of its influence in the Asia-Pacific region and even throughout the world. Without doubt, all this creates a direct threat to China's political security.

Analysis of the economic factor shows that Japan's economy has grown swiftly and has abundant strength while China has a large population, scant accumulated wealth, and its economic development is backward. Japan poses the most direct, most real, and most important threat to China's economic security.

It is generally realized that in a situation in which the world is becoming an interdependent closely knit whole, national security is not limited solely to political or military security. It must include a wider connotation, namely comprehensive political, military and economic security. Furthermore, as events unfold, the focus of national security has shifted away from traditional military security toward economic security. Economic security is already more important than military security, and to a very great extent, it also controls military security. It is the nucleus and the key to national security. Eastern China is a close neighbor to Japan, and although Japan's economic development has crucial weaknesses in the form of a small amount of territory and scant resources; nevertheless, Japan's present economic might, the speed of development of its economy, its economic competitiveness, and its future trend of development all pose serious challenges to China's economic security. Japanese monopoly capital employs its great economic might, and applies economic and cultural means to bully people, carry out expansion abroad to attain that goal that the Japanese imperialists were unable to attain in the past with airplanes, battleships, and big guns—the looting of resources, the takeover of markets, and the expansion of its sphere of influence. Since the beginning of the 1980s, with the burgeoning of Japan's economic might, and the "internationalization" of its economy, Japan's ruling clique's desire to build a power sphere in the Asia-Pacific region has become increasingly intense. Japan's proposal for an "East Asia economic sphere" in the spring of 1989 was a reflection of such a scheme. China is a large Asia-Pacific power whose economic contacts with neighboring countries are steadily increasing with advances in the policy of reform and opening to the outside world. The "East Asia economic sphere" strategy that Japan is pushing seeks to exclude China, and this no doubt, poses a challenge and a threat to China's economic security. China's economic security cannot be founded on economic backwardness over a long period of time. If we are unable to keep pace with the great tide of Asia-Pacific region and world economic development, we may sink into a predicament in which we are weak and easily bullied. Looked at in long-range terms, the key to the problem of eastern China's economic security, as well as the security of the entire Chinese economy, lies in vigorous development of

the economy to get rid of the various economic difficulties faced and successfully counter the challenge that super economic powers pose.

Analysis in terms of science and technology and education shows that Japan has steadily increased investment in science and technology, promoted education reform, and vigorously developed science and high technology. For China, whose science and technology, and educational foundation are so backward, this challenge is an extremely grim one. In today's world, every country realizes that whether a nation rises or falls or lives in security or peril, whether its influence in the world is big or small, and whether it enjoys a high or low status depend on overall national power in which economic and scientific and technical might are particularly important. Science and high technology are essential to economic competition, and the foundation for the development of science and technology is education. For the past more than 40 years since World War II, Japan has always paid extremely close attention to education, has several times carried out educational reform, and has increased investment in education. Today it is an educationally advanced nation. As a result of the spread of education, the caliber of all of Japan's citizen's has very greatly increased.

In the development and importation of high technology, Japan has left even fewer stones unturned. In 1985, Japan

spent more for research than the USSR for second place in the world. In 1987, Japan's scientific and technical budget amounted to more than \$11 billion. A Japanese expert estimates that by 2000 Japan will be spending 30 trillion yen on scientific research, 44 percent more than the United States at that time. Japan's exuberance makes it a formidable adversary of the United States and the USSR in the scientific and high technology fields. The grim reality is that in education as well as in the science and high technology fields, China lags very far behind and faces a serious challenge and threat from Japan. Although Japan has unfurled the banner of "Japan-China friendship" toward our country, it must be realized that competition has no feelings. Japan's basic strategic intent is to control high technology, China thereby becoming dependent for a long time on Japan's high technology products, spare parts, raw and processed materials, and intangibles, and making China into a source of raw materials for Japan and a vast market for its goods. More than once Japanese who are familiar with such things have declared that they want to maintain a technological gap with China of between 10 and 15 years, thereby fundamentally containing China's development. Scientific and technical, and economic backwardness are the most dangerous enemies to a nation's security. Modern Chinese can only rouse themselves to meet the challenge from Japan in technology and education as the only way to realize complete national security and win a favorable international position during the 21st century.

Government Function Reform Crucial to Economic Reform

93CM0277A Beijing ZHONGGUO JINGJI TIZHI GAIGE [CHINA'S ECONOMIC STRUCTURE REFORM] in Chinese No 87, Mar 93 pp 18-19

[Article by Yin Guanghua (1438 0342 5478): "The Transformation of Government Functions Is a Key Condition for Intensification of Economic Reform"]

[Text] Accelerating the transformation of government functions is a key link in developing a socialist market economy. This explains the key position, and urgency for reform of the conversion of government functions.

The social and economic administrative functions of government are diverse, including political security, business management, social control, and service, the crucial one in the current conversion of government functions is that of economic management. The 14th CPC Congress report clearly sets forth the government's major administrative functions over social and economic operations as "overall planning, policy control, information guidance, organizational coordination, service provision, and examination and oversight."

The Basic Way To Convert Government Functions Is To Separate Business Management From Government Administration

As to the relations between government and enterprises, the 1984 "Resolution on Economic Reform" clearly set forth for the first time the government's eight economic management functions. Then Section 5 of the 1992 "Rules for Converting the Operating Forces of State Industrial Enterprises" set forth seven rules on government-enterprise relations, which are improved in substance over the "Resolution," as well as being fixed in legal form. As to the relations between government and state enterprises, these "Rules" mainly clarify the following four areas: 1. The State Council represents the state in exercising the function of property ownership for state enterprises. 2. It is necessary to enhance macroeconomic and industrial control by setting up a macroeconomic regulation and control system. 3. It is necessary to develop and improve the market system by bringing the role of market regulation into full play. 4. It is necessary to establish and improve our social security system by providing social services to all areas of society in order to create a good external environment for enterprise development.

The key to separating business management from government administration is to achieve enterprise operating independence. Why does a summary of our reform practice show that it has been so hard for enterprises to achieve operating independence? Why have the policies, laws, and regulations on expanding enterprise operating independence been so hard to implement? A crucial reason is that the functions of governments at all levels have not essentially escaped the trap of planned economy. Some government departments intercept

enterprise operating independence in the following forms: 1. While ministerial and provincial economic management departments have devolved their subordinate enterprises to central cities, which was aimed at weakening direct control and creating a more relaxed environment for enterprise development, some urban economic management departments have not correspondingly converted their functions, instead elevating direct control to face-to-face control, controlling more and in more detail, and making it even harder for enterprises to operate. 2. Government-enterprise companies have been set up, legalizing the substitution of enterprises for government. While such enterprises are economic entities in name, they are responsible for many administrative management functions. In some cases they emerge in their management function, while using their administrative authority to maintain their monopoly status and reap excess profits; in others they appear in their enterprise capacity, while shirking the proper responsibilities of the administrative sector. 3. Authority is shifted laterally. At the time of the 1988 State Council structural reform, while the professional economic sector's functions of direct control of funds and materials were weakened, some comprehensive management departments used a variety of pretexts to expand their direct-management jurisdiction. These show that converting government functions is a very difficult process, involving changing ideas, redistributing powers and interests, and taking complete reform steps throughout the system. Unless government departments at all levels are determined to devolve the operating authority in their grasp to enterprises, reform their management methods, and cut back or eliminate their examinations and approval under a multitude of pretexts, enterprise operating independence will remain merely an oral slogan or a written statement.

The Difficulty in Converting Government Functions Is Strengthening Macroeconomic Regulation and Control

Strengthening macroeconomic regulation and control means first that comprehensive economic management departments must fundamentally transform their concepts, functions, and methods. The state planning sector must strengthen its macroeconomic regulation and control function, while reducing its control over particular matters. This means solving two problems: 1. It is necessary to adapt to the needs of developing a socialist market economy by revamping planning concepts and improving planning methods, so that markets can play the basic role in the disposition of resources under state macroeconomic regulation and control, and the two means of planning and markets can be combined for the long haul. Major efforts must be focused on studying and setting forth economic and social development strategies, projecting economic growth trends, drawing up general principles and policies, maintaining overall balance, and regulating and controlling markets generally in order to get out of the specific matters of assigning investments and approving projects. 2. It will be necessary to enhance the comprehensive use of economic

leverage to maintain overall balance. In the use of economic leverage, such as pricing and tax, interest, and exchange rates, state planning must be closely combined with industrial policy, with attention paid to coordinating the use of this leverage by all sectors. The state-revenue sector must focus its energies on drawing up revenue-growth strategies and policies, participating in economic policymaking, and reducing its involvement in particular affairs to the minimum by changing from its focus on state enterprise revenue to managing the taxable incomes of enterprises of all types of ownership. The Peoples's Bank of China must better perform its central bank role, by drawing up monetary policy, maintaining monetary stability, formulating overall credit policy, and improving its auditing of specialized banks. Moreover, it must separate its business management from government administration, by stopping its direct involvement in operational matters, reducing its direct interference in specialized banks, and exercising control mainly through economic means. The professional economic sector must withdraw and merge by switching from departmental control to industrial management.

The Key Link in Converting Government Functions Is Speeding Up the Development of a Market System

Market development is a condition for the conversion of government functions. In developing and expanding markets, the government must solve four problems:

1. It must break down structural divisions. It will be only through the conversion of government functions, the separation of business management from government administration, the separation of the government's administrative function from its state-assets management function, the deemphasis on departmental and regional interests, the active promotion of tax separation, and the correct handling of central-local, interdepartmental, and interregional interests, that we can speed up our development of markets for capital goods,

stocks, money, technology, information, and real estate to perfect a uniform market system.

2. It must establish, regulate, and control markets. The government must make overall plans for and coordinate national and regional central markets, provide planning, distribution, and infrastructures for markets, arrange national savings and investments in a planned way, and practice handling regulation of certain key commodities.

3. It must intensify price reform. It will be only through converting government functions by gradually deregulating pricing authority in order to enable the prices of most commodities to be set by markets and evolve rational pricing mechanisms, that we can bring the role of market forces into full play.

4. It must establish and manage markets well. The government needs to publish market information, establish rules of competition, enhance its legislation, reinforce its management corps, maintain a good competitive order, and promote openness, equality, and fairness in market competition.

Converting Government Functions Will Mean Streamlining Administration

A streamlined administration is both a practical demand and the inevitable result of functional conversion. Current party and government administrative structures are bloated, overlapping, overstaffed, and inefficient, which arouses public discontent and has reached the point of overburdening revenues. The current administrative streamlining principles are: 1. The streamlining is based on converting government functions, instead of being a simple across-the-board cutback or streamlining for the sake of streamlining. 2. It emphasizes combining staff cutbacks with improved work efficiency and expanded social production, by shifting the outflow of surplus personnel to tertiary industries and other jobs that need reinforcing, in order to enhance the social service function through running various service entities.

Intellectuals Bemoan Weakening Financial Status
93CM0266A Hong Kong PAI HSING [THE PEOPLE]
in Chinese No 284, 16 Mar 93 pp 32-33

[Article by Chin Yao-ju (6855 1031 1172): "Intellectuals Sweeping Floors? Today Floor Sweepers Are Better Off Than Intellectuals!"]

[Text] In early February this year, the Shanghai Municipal Science & Technology Federation published a survey report on the livelihood of intellectuals. The conclusion was that the "status of intellectuals in Shanghai has declined further, their income has dropped, and they are weak, sickly and tend to die early."

Please note that this survey was not the result of making several hundred phone calls or conducting "spot interviews with passers-by in the street." The survey was based on questionnaires sent to 4,500 S&T personnel in 68 stated-owned large- and medium-size enterprises in Shanghai. It was a large-scale survey that also included sampling 4,500 intellectuals and 13,000 workers and employees in 19 research institutes, four specialized tertiary institutions and two hospitals in Shanghai. It can said that this was a full-scale, realistic and reliable survey.

What were the survey findings?

"Stinking No 9" Dropped to "Poor No 13"

First, in terms of income, Shanghai intellectuals now rank 13th. During the 10 year Cultural Revolution, intellectuals ranked ninth, hence they were dubbed stinking no 9; they have since dropped four rungs down the scale. Intellectuals are now the "poor no 13." Pity the high-ranking intellectuals who graduated in the fifties, who made considerable contributions in their 40 years of service to the country, and who are now reaching retirement age; yet their current wages in no way reflect their academic background, age and service records.

Second, because of low monthly wages and heavy work load, Shanghai intellectuals are generally in poor health. Many of them die in middle age, and given the high rate of illness among them, a larger proportion of intellectuals than other employees and workers have opted for early retirement for health reasons. Furthermore, many of these intellectuals are not eligible for health care at state-operated hospitals because they did not attain sufficient rank or status.

Regarding wages of mainland intellectuals, I can add a few words based on my own observations to substantiate the Shanghai survey, including two real life stories.

On the question of monthly wages of intellectuals, based on what I know, the monthly wages of university professors and editors-in-chief in the media range from 200 to 300 some yuan, or about \$40-50; those of university lecturers, high school teachers, editors, and reporters from 160 to 200 some yuan, or about \$20-30; those of

teachers in elementary and junior high schools from 70-80 to 140 some yuan, or about \$10-20; and although wages of scientific and technical personnel in factories and enterprises are somewhat higher than wages of high-ranking intellectuals, and others working in the cultural and media fields, the former's wages generally range from 150 to 250 some yuan, or about \$20-30.

A couple of old friends of mine, both of professorial rank, have two children in the U.S. who pooled their money to invite their parents to visit the U.S. last fall. I therefore invited my old friends to be my house guests. In talking about the livelihood of Beijing residents, my friends described their own circumstances. His retirement income is 300 yuan a month, his wife 260 yuan, or a combined income of 560 yuan a month (or around \$80). He is 74 years old, and has dedicated some 50 years of his life to the PRC under the leadership of the communist party.

But he sighed and said, "I am already in a high-wage bracket. But it is only enough for our daily rice and tea, enough for us to pass the time sitting at home. We are old retired people, and our retirement income will not increase. In a few more years, if our children in the U.S. do not subsidize us, we can only sit by a wall to catch some sun and nibble on steamed corn bread. Just imagine this, the combined wages of a couple, say a high school and an elementary school teachers, may not be as much as what I alone receive; how can the teachers couple have enough to feed themselves and their children! If they have aged parents, their situation would be unthinkable!"

My professor friend continued, 60 years ago, in the 1930s, Ai Wu [5337 5617] and Sha Ding [3097 6057], two famous old writers in China, joined the "China Federation of Left Wing Writers," they wanted to fight the Japanese and save the motherland, they were for democracy and freedom, and they supported the Communist Party against the Kuomintang; unafraid of prison or death, they struggled ceaselessly until the Communist Party achieved the final victory.

Ai Wu and Sha Ding Expelled From Hospital

"But," my professor friend sighed and said: "Before I came, I heard that the China Writers Association in Beijing received a report from the Sichuan's association that Ai Wu and Sha Ding had retired to their homes in Sichuan. In September this year, they fell ill and were sent to the Sichuan Provincial Hospital, and when their conditions did not improve by October, they were expelled by the hospital. This happened because precious Chinese medications and imported Western medicine had to be paid for by the patients themselves, and the old writers couldn't afford to pay, so the hospital expelled them. In tears, the two oldsters were carried home by their family members. The China Writers Association in Beijing then sent a telegram to the Sichuan provincial government; the latter got excited and notified the hospital to readmit the two oldsters. And wouldn't you

know it? Ai Wu and Sha Ding were born the same year, both 88 years of age, and this was their golden retirement in socialism with special Chinese characteristics! If this were heaven under communism, who needs it?"

About half a month after I heard this story of Ai Wu and Sha Ding from my professor friend, I read in the newspapers the sad news that Ai Wu and Sha Ding had died within several days of each other in the hospital. Given such torment, humiliation and callous treatment, one can imagine the spiritual and physical pain they had suffered. What was left for them but death! Ai Wu and Sha Ding obviously could not have wanted Deng Xiaoping's "socialism with special Chinese characteristics."

My professor friend also said to me: "In the last few years, intellectuals in Beijing frequently bemoan the fact of 'intellectuals sweeping floor,' but a Beijing university president, shaking his head, said intellectuals sweeping floor is not that bad, but today the floor sweepers are better off than the intellectuals!"

"What does it mean, floor sweepers are better off than the intellectuals?" My professor friend continued: "This university president was right: in the last few years, individual enterprises have made lots of money, and among the owners and employees of such businesses, many were formerly hoodlums, the idle unemployed, and prisoners who finished serving their sentences, and others were former service personnel in factories, enterprises and other organizations who used to perform such tasks as making tea, wiping tables, sweeping floors and other cleaning chores. By working in individual enterprises, these people end up with plenty of cash in their pockets. Intellectuals and cultured people like us are way behind such people in earnings! In the individually operated so-called hotels and restaurants, which employ students from the town and able-bodied males from the farm, it is not unusual for each worker to earn a salary plus tips of 500 yuan a month, and the work consists of nothing more than serving dishes, wiping tables and sweeping floor! Can full professors make 400-500 yuan a month? Doesn't it mean that the floor sweepers are better off than the intellectuals? Among the incomparable merits and virtues of China's socialism, we should add one more, namely, 'better a floor sweeper than an intellectual,' and that is the warning note sounded by the president of a certain university in Beijing."

Maker of Atom Bombs Earns Less Than Seller of Tea Eggs

Now, another story comes to mind, and it's called "maker of atom bombs earns less than seller of tea eggs."

In the summer of 1988, I was instructed to go to Beijing from Hong Kong to discuss with the State Council's State Restructuring of the Economic System Commission concerning an "International Symposium on 10 Years of China's Reform and Opening to the Outside" to be held in Shenzhen. The organizing committee consisted of 20 some people, and Ma Hong [7456 3163], Tong Dalin [4547 1129 2651] and I were the executive

committee members. In this capacity, we had to contact people in various fields and segments of society to plan an effective international symposium. At one such planning dinner, I was seated next to an engineer working on the atom bomb. My friends in Beijing had told me that this engineer was the deputy director in several atom bomb tests carried out in Xinjiang and Qinghai Provinces in the last few years. After I exchanged business cards with him, I suddenly recalled having read in the Hong Kong press a story out of Beijing that making atom bombs was not as profitable as selling tea eggs. I then asked the expert sitting next to me to clarify this story. Who could have known that he would actually tell me his own life story.

The atom bomb engineer said to me: "That phrase came from me, and the story was based on my life. At the foot of the stairs in the dormitory where my family and I live, there is a 50 to 60 year old lady who has been selling hard-boiled tea eggs for over a year. I normally don't care for tea eggs and have not bought any from her. One day in spring this year, it was pouring rain and our house was out of vegetables, so what was there for lunch? My wife then thought of the tea eggs downstairs and reminded me to buy several for lunch."

"When I got downstairs, the old lady was closing up her stall. I said I wanted to buy four tea eggs. The old lady looked surprised and asked, just four eggs? I said yes, four eggs. The old lady said, here are the last four eggs, and they would be gone if you came a bit later. I was surprised and said, your business is that good? The old lady said, it's pouring rains and the comrades living upstairs all come down to buy tea eggs to eat with their rice, and you are probably one of them?"

"Yes," the engineer said: "But how come you finish work so early? How much do you make a day? The old lady said she can earn seven to eight yuan a day on the average, but when business picks up with rain, snow and a heat wave, she can earn double that amount or 15 to 16 yuan. In an average month, she makes around 300 yuan; in a good month, she can earn over 400 yuan. She said she is old, illiterate, and unskilled in any crafts; but it is due to the concern and patronage of chief cadres like you, she said, that she can earn a living wage!"

"Alas," continuing his story, the engineer said: "This chief cadre then made a quick calculation. I am over 50 years old, having spent over 20 years working on atom bombs and missiles, and my monthly wage is only 280 yuan. This lady selling tea eggs earns 300 to 400 yuan a month; I earn less than she does! When I returned upstairs, I told my wife this story, and she didn't know whether to laugh or to cry. She remarked gloomily: you who make the atom bombs fare not as well as she who sells tea eggs."

Qian Xuesen [6929 1331 2773] Pleads for the Scientists

Finally, this atom bomb engineer said: "I told this story to comrade Qian Xuesen. After he heard the story, he shook his head and sighed, and he said that when he

addressed the National People's Congress this year, he cited the 'atom bombs versus tea eggs' story in the hope that the communist party and the government would pay more attention to improving the livelihood and work conditions of the intellectuals. The NPC did not publish Qian Xuesen's remarks, but the delegates considered this an unusual story and passed it out by word of mouth."

I asked the atom bomb engineer whether the communist party and the government have taken any steps to improve their livelihood. The engineer answered with humor: how could any improvement be that fast? Making an atom bomb is time-consuming, but boiling tea eggs takes no time at all. Besides, tea eggs are sold out daily, but the atom bomb cannot be sold; therefore in the end, selling tea eggs is still better than making atom bombs!

Since I first heard this story in 1988, five years have gone by. From the GUOJI RIBAO a few days ago, reading

about "the low status of Shanghai intellectuals, their declining incomes, poor health and many illnesses," it would appear that the floor sweepers are still better off than the intellectuals, that sellers of tea eggs still fare better than makers of atom bombs, and that the intellectuals and professionals may even be worse off than five years ago. Didn't you see stories in the Hong Kong newspapers two days ago that Shanghai college students, males and females, are seeking employment in Shenzhen and Hainan? The result is that in both those places, qualified personnel are in surplus. What can be done? The males can sell their labor, on the streets or in the restaurants, they can wipe tables and sweep floors; the females? They can sell the bodies their parents gave them!

Intellectuals sweeping floors? Better the floor sweeper than the intellectual!

Independence Leader on Politics, Future

93CM0259A Taipei TS'AI-HSUN [WEALTH MAGAZINE] in Chinese No 132, 1 Mar 93 pp 137-141

[Interview with Peng Ming-min (1756 2494 2404) by TS'AI-HSUN reporter; date and place not given: "Independence No Longer the Issue, Taiwan Should Look Toward New Generation for Leadership"]

[Excerpt] [Passage omitted] Peng Ming-min has been on the road nonstop for two months, visiting the entire island. What does he think of his homeland after an absence of 22 years? Has he changed his opinions regarding Taiwan's political situation and its future? In a special interview, we asked Peng Ming-min to talk about his ideas.

[Reporter] Are there any differences between the Taiwan you saw after your return and the Taiwan as you imagined it while living abroad?

[Peng] Before coming back, I heard many stories about Taiwan and read newspapers all the time, so there was nothing that really surprised me. The only unexpected thing is this. Before I returned, it was widely thought that only the middle-aged people in Taiwan would recognize me, not the young people. I came back fully aware of this point. Back in Taiwan, I have been lecturing everywhere, including universities which I had never visited before. The students' response was so enthusiastic. Everybody is so interested in Taiwan's future. In the past, I had never given any lecture to the general public outside the classroom. Now my lectures are so well attended that I am both surprised and moved.

[Reporter] In the wake of the latest election and after your recent observations, do you have a clearer idea as to what you would like to do in the future?

[Peng] To be frank, I still don't have a specific personal plan. I have been away for over 22 years. In the past I was unable to express my opinions openly. I spent the two months before the election lecturing everywhere constantly. What the KMT did in the past 40 years by way of education was nothing but brain-washing. Our value system was distorted, so some of the basic concepts must be "sterilized." I don't think everybody would approve of my thinking, but at least they should understand it.

I am not a member of the Democratic Progressive Party [DPP], but I have always believed that democratic politics should include a sound, powerful, and efficient opposition party. I emphasize the need for an opposition party. Maybe people are still dissatisfied with the DPP; so am I. But we have no other choice. It is like having a son. You brought him into the world and must raise him no matter how ugly he is. I think having an opposition party would help maintain the level of public interest in politics at as high a level as we had during the election. Personally I have nothing concrete lined up. My purpose in staying in Taiwan long term is to see whether or not I can contribute to democracy. In the future I may put

together a number of international conferences of a high standard and study issues relating to Taiwan politics, the mainland, and international affairs. I hope to provide a forum where discussion can take place.

[Reporter] As you see it, in what ways has Taiwan society changed?

[Peng] Taiwan people are constantly on the lookout for opportunities. On the positive side, we can say they are so versatile, which may explain why Taiwan has done so well economically and is everywhere on the world market. On the other hand, it is also the Taiwan people's endless pursuit of opportunities that has caused the terrible traffic mess here. Taiwan has become a profit-minded society. This is a trend.

[Reporter] There has been considerable disarray within the KMT after the election. What is your opinion on it?

[Peng] I went to the United States in late December and was quite sad to see Taiwan in such a mess. Why are these people fighting among themselves? Because they want to improve the people's welfare but cannot agree on how to do it? Actually it is a naked power struggle through and through. Everybody is scrambling for power and profits. Few other places are like this in the world. They tell you all their demands, all of them having to do with their own fortunes, not the people's well-being. How tragic! These people have absolutely no idea what the public thinks about democracy and the future of the national economy. They don't know which way the popular will is leaning. Why did the 22 August incident occur? Precisely because the Chen Yi [7115 0308] regime only cared about lining its pockets, not knowing that the people were disgusted with government corruption. As they scramble for power and money, these people, oblivious of the direction in which public will is leaning, forget that the masses are watching. That is dangerous.

Even less desirable is that for selfish reasons some people inflame emotions over the issue of provincial origins. What special interests do people from other provinces have that need to be protected? Only a handful of high-ranking government and party bigwigs have privileges in their capacity as people from other provinces, privileges that may disappear in the course of democratization. But the reason these privileges will disappear is not because the people are from other provinces, but because they should never had such privileges in the first place. There are now many county towns run by members of the DPP. Have the interests of people from other provinces been trampled upon?

In the most extreme case, a small number of people from other provinces telephoned Deng Xiaoping. They figured it this way: Better have the CPC take over than let the locals hold power. This lays bare their mentality at its most frightful.

[Reporter] How should Taiwan find its place in the world?

[Peng] Taiwan is a formidable economic power in the world. This is its only asset. Furthermore, Taiwan should prove to the international community that it has a democratic government, which would go some way toward safeguarding the island's international stature and international security. Taiwan must continue to maintain its economic power. Next, it must work to bring about genuine democratization. These are its two top priorities right now.

As for the issue of Taiwan independence, we should let things take their natural course. Many people say Taiwan is not equipped for independence. How wrong they are! Whether or not you are for independence, the fact of the matter is that Taiwan has already become independent. The way the KMT puts it, independence for Taiwan is like separating Quebec from Canada. Taiwan is not Quebec. For hundreds of years, Taiwan has not been a part of China politically, geographically, or economically. All along Taiwan has been run by a separate government. In reality Taiwan has prospered economically because it has had absolutely nothing to do with the mainland. The survival of Taiwan does not depend on its being a part of the mainland.

Taiwan's problem is not independence, but the desire by the CPC to swallow it up after it has been independent for centuries. Taiwan is already independent, so we need not keep calling for independence. Even radical independence advocates propose peaceful coexistence with the mainland. There is no need for a fight to the finish with the mainland. It is one thing to do business with them, but we must take a firm political stand. We must maintain our own social system and political democratization and prevent the CPC from gobbling us up militarily and politically. This is why I have always advocated that Taiwan beef up its national defense, which certainly will not enable us to defeat the mainland militarily but will at least let the CPC know that an invasion against Taiwan will incur a steep price and does not pay. Taiwan has spent hundreds of billions of dollars on national defense over the years. The question is whether they have really been spent to build up a high-tech arsenal.

[Reporter] How do you see the future of Taiwan independence in Taiwan?

[Peng] The important issue these days is not independence, but how to keep democratization going. Needless to say, the government must give up any claims to sovereignty over the mainland. This is inevitable. I support the demand for readmission to the United Nations although I believe the possibility of that happening in the near future is quite remote. But we must keep pressing our case to make the world pay attention and recognize Taiwan's place and existence in the world. In productivity, economic power, level of social development, and educational standard, this society is first-rate in the world. That these 20 million people have no voice at the UN is itself a violation of the UN charter. In

demanding to join the UN, we are educating and enlightening the international community and paving the way for reentry in the long run.

[Reporter] If, as you say, the uppermost issue now is not independence, then what course should the movement of Taiwan independence follow?

[Peng] Rather than stressing independence, we would be better off emphasizing sovereignty, democracy, Taiwan first, and the supremacy of the interests of Taiwan residents, and foiling unification plots and propaganda. Sever our emotional ties to China. It is natural to feel sentimentally attached to China. It is natural for all of us to be nostalgic for the land of our ancestors and identify with Chinese culture. But politics is something else altogether. The government spent the past four decades brainwashing us, purposely confusing culture with political stance. It would have us believe that since we are part of the Chinese race, we must be for Chinese unification. Eighty percent of the people of Singapore are Chinese, yet Lee Kuan Yew told his nation the day it became independent: We must forget where we came from originally and think of ourselves as Singaporeans exclusively. The same is true for Taiwan. It is one thing for us to be proud of Chinese culture. But politics is entirely something else. During World War II, Eisenhower, who was of German descent, led allied forces including soldiers who were ethnic Germans in an invasion on Germany. Culturally they were Germans; politically, however, they were Americans. Political identification should be separate from culture. People in the Taiwan independence movement should educate the public about this point. That should be helpful to the masses.

In the 21st century, people should be entitled to demand that their government make policies based on ideals, reason, and the truth. If we continue to claim that our sovereignty extends to the mainland, that would be most ludicrous. This is an era when we must plant our feet on solid ground. How can we continue to fabricate myths?

[Reporter] Taiwan investment in the mainland is growing rapidly. What do you think of this trend?

[Peng] I am not an economist and personally I don't think investing in the mainland is a bad thing in itself. The trouble lies in politics. The CPC has not renounced the use of force to annex Taiwan. Under international law, when one government says to another that it may use force to attack it, it is a serious matter; it turns them into enemies. No point talking about anything else before this matter is resolved.

[Reporter] While living overseas you have been in contact with the DPP to some extent and have been speaking on behalf of it ever since you came back. How do you see the DPP?

[Peng] The DPP is now facing a daunting challenge. How it performs will not only affect its development, but will also influence the future of democratic politics. The

existence of an opposition party is critical to party politics, but if an opposition party lets the people down and is deemed worthless, it will be in big trouble. The more closely the DPP edges toward power, the more cautious it must be. It must not say things irresponsibly. In the past we could not hold the DPP accountable; it was a minority party with a marginal role and engaged in only sporadic political actions. Now the DPP must convince the voters that they can depend on it and should entrust to it the nation's future destiny. To project this image, the party must improve itself in both quality and quantity.

All 50 DPP members elected to the Legislative Yuan are outstanding people, everyone of them a powerful figure, a formidable presence. If they cooperate and act collectively, they will be a force to reckon with. However, if they cannot see eye to eye and go their separate ways, it will be very disappointing.

[Reporter] It is extremely likely that Taiwan will have a directly elected president in three years. You have always been perceived as the DPP's prospective candidate. Where do you stand on that?

[Peng] What has concerned me over the past two or three decades is the development of democracy in Taiwan and Taiwan's future. I never thought in terms of my own personal future. All I can say is that in principle I would be willing to do anything that can further democracy in Taiwan and would not do anything that might endanger democracy in Taiwan. Besides, three years is a long time in politics.

[Reporter] As you see it, what kind of leader should Taiwan have? What should be his qualifications?

[Peng] A leader is not someone who merely signs government documents but someone who points up a direction for the nation, someone who inspires the public to develop a vision and ideals for the nation. What was terribly wrong about Taiwan in the past 40 years was that the people lost their dream as a nation. When a person does not have a dream, it is like he has no hope. Man needs sound ideals. To retake the mainland is not an ideal; it is a hoax. A clean environment, an honest people...these are the ideals a leader should inspire. Taiwan society has lost its ideals and the government should be held accountable for that. In the past the

government did nothing but call for retaking the mainland; all construction was temporary. It did not cross its mind to think about what Taiwan's ideals should be.

[Reporter] Using that criteria, how would you rate President Li Teng-hui's performance?

[Peng] I know President Li Teng-hui as a person. He is a good person but he is saddled with too much baggage. I believe he is interested in reform but faces enormous difficulties doing so. He is perceived as doing too little too late precisely because of the heavy baggage he carries. Still he has put in a decent performance given the circumstances.

[Reporter] Lien Chan [6647 2069] was your student. What do you think of his putting together a cabinet?

[Peng] Nothing personal, but I think it is almost time for people of his generation to come to the fore. Given the current political reality of KMT rule, Lien Chan is a good choice. Leaders of the 21st century should have a modern education and understand democracy and the world. People of the old era should step down. Policy-makers who violated human rights and democracy in the past have never regretted their old deeds. The people of Taiwan have been too magnanimous toward them, not holding them politically accountable. For four or five decades, Taiwan politics was a mess. Could it be that these people are not politically responsible? We need not put them on trial again, but they should at least step down. Yet they act as if nothing had happened, not at all remorseful for all the things they have done to Taiwan.

The biggest problem with Chinese political culture is the once-a bureaucrat-always-a-bureaucrat mentality. Even when a person leaves office, he is made some state counsellor and continues to interfere in politics in fact, much like the eunuchs of the past. In America and France, when the president leaves office, he becomes just another citizen. We have a bunch of veteran politicians. We should get rid of them. Why do we keep them on the public payroll for life? These people are only interested in finding a job for themselves. It is time they stood on their own two feet.

At a minimum Lien Chan's generation has nothing to do with the basic policies of the past. I am all for the second generation coming out and working. I know Lien Chan; he is an earnest person, an honest hard-working student even back then, and relatively free of trickery. I even visited him while he was studying at the University of Chicago.

Early British Withdrawal Speculated*93CM0253A Hong Kong CHENG MING**[CONTENDING] in Chinese No 186, 1 Apr 93 pp 11-13*

[Interview with Dr. Zheng Chiyan (6774 6375 0470), senior lecturer, Department of Political Science and Public Administration, Chinese University of Hong Kong, by CHENG MING reporter in Hong Kong on 17 March: "Britain's Trump Card in Hong Kong Issue"]

[Excerpt] [passage omitted]

[Reporter] As the Sino-British dispute escalates, the Chinese government keeps talking about "setting up a separate kitchen," and even taking over Hong Kong ahead of time. I would like you to discuss this matter from another perspective, namely, would the British suddenly announce an early end to their rule in Hong Kong?

[Zheng] Once the British conclude that their best efforts result only in defeat and humiliation, it is entirely possible that they may terminate their rule in Hong Kong before 1997, a possibility foreshadowed by the decision by British-capital corporations like Jardine Matheson and Company and the Hong Kong and Shanghai Banking Corporation to transfer their registration elsewhere. Years ago similar moves were made by British companies in India and Burma. They foresaw the intractable and dangerous problems Britain would face before withdrawal, so they took out an "insurance policy" to avoid being wiped out totally. The situation in Hong Kong today is similar in many ways. It is not sheer nonsense to suggest that Britain may withdraw suddenly from Hong Kong. Besides it would be a mighty powerful "trump card."

[Reporter] Why so?

[Zheng] Early British withdrawal would send Hong Kong into a state of shock. It would inflict so much damage on the colony that neither the British, nor the Chinese, nor the people of Hong Kong can undo the harm.

No matter how speciously the Chinese argue that China will take back Hong Kong and that there are absolutely no moral grounds for involvement by Britain, British cooperation is essential to ensuring the return of a stable and prosperous Hong Kong. This the Chinese realized at the beginning. Major political principles were written into the Sino-British Joint Declaration, which is essentially an international treaty, namely "one nation, two systems," "Hong Kong people to rule Hong Kong," and "unchanged for 50 years." These principles no doubt were intended as a guarantee to Britain because it is Britain the Chinese negotiated with and it is these principles which secured the British consent to abolish the three treaties. But even though the Sino-British Joint Declaration was signed, sealed, and delivered, it does not mean the Chinese now have no use for the temple now that they have burned the joss sticks. Round about 1997 it is critical that the British continue to recognize the

joint declaration and approve of every single move by China. Otherwise the joint declaration would be a mere scrap of paper, the Chinese would be disappointed in their hopes that it would ensure prosperity and stability in Hong Kong, and neither the people of Hong Kong nor the international community would derive any confidence from the joint declaration.

[Reporter] Chinese officials have indicated on separate occasions that Beijing would maintain the stability of Hong Kong in full compliance with the provisions of the joint declaration with or without Britain.

[Zheng] The problem is that the unilateral commitment by a single party is not enough to inspire any confidence. If a frustrated Britain leaves Hong Kong and China takes it over ahead of time, it would be like telling the whole world that Hong Kong is now under the rule of Chinese socialism through and through and that there will be no such thing as "one nation, two systems."

[Reporter] Beijing seems to be quite confident that now that China has introduced a market economy and open policy and that economic reform has begun to pay off, it would be able to run Hong Kong properly even if the British leave. The fact of the matter is that the open policy has done the mainland a lot of good.

[Zheng] China's confidence is unfounded. The Chinese have boasted about their own experience in taking over Shanghai. This kind of talk alone is enough to scare Hong Kong to death. Hong Kong today is a world apart from the Shanghai of 1949. In any case, didn't liberation prove to be an utter disaster for Shanghai?

We can imagine the scenario of an early British withdrawal and early Chinese takeover.

It would deal the most fatal blow to the 200 commercial treaties signed by Britain as a sovereign nation. If the British say adios, these commercial treaties would automatically become null and void, in which case Hong Kong would immediately collapse as an international financial center. We trust the Chinese have not the slightest experience in handling such a disaster, what with Hong Kong's hypersensitive financial market, even if Beijing is bursting with confidence.

Bearing the brunt of the burden if Hong Kong collapses would be Hong Kong's top 10 real estate companies and major banks. The repercussions would be tremendous and quickly felt by commerce, tourism, industry, and other sectors. With the civil service rudderless, there will also be chaos in the machinery of government.

Some say the Chinese can save the banks and the top 10 real estate companies. But the base of the savior is Hong Kong itself. The capital of the top 10 real estate companies is in Hong Kong and the base of the large banks is also Hong Kong. Businessmen who invest in the mainland get their money from their base in Hong Kong. If things go wrong in the base, they will be weakened at the source and China's guarantees and commitments will be

worthless. Don't forget that the local-currency and foreign-exchange deposits of Hong Kong banks, large and small, amount to an astronomical figure. How can they go about saving that? When industry and commerce collapse, there would be massive unemployment and disturbances, in which case it would be hard to imagine China itself not going to ruin because it owed the rise of its open coastal region to Hong Kong. That they can stave off a disaster in Hong Kong is unthinkable.

[Reporter] Actually we also find it hard to imagine what Hong Kong would be like if the British leave in a huff and a puff. But if that does come to pass, how would international relations be affected in subtle ways?

[Zheng] I noted that at the news conference for foreign and Chinese journalists Lu Ping [7627 1627] told the United States bluntly not to get involved, which shows that he realizes that a quarrel with Britain over Hong Kong would have implications not only for Sino-British relations, but also for relations between China and the West. The most critical element is American involvement.

Since the cause of all the trouble is democracy and freedom for Hong Kong, a cause the United States is given to defending, it is clear whether or not it would get involved over this issue. Besides, there already exists a Hong Kong bill. The era of Clinton is different from that of Bush; the White House and Congress now act in unison. If a Hong Kong crisis erupts, seriously affecting all opened areas in China and leading to chaos, and if China sends troops here to crack down on the unrest harshly, a situation 10 times worse than the Tiananmen Square incident, would the United States just stand by and do nothing? America may take the opportunity to overthrow the largest communist regime in the world.

Upheaval in Hong Kong, we can say, would pose an enormous threat to the Chinese Communist regime itself.

[Reporter] Can we say that the Hong Kong issue involves not only Sino-British relations, but also Sino-Western relations?

[Zheng] Certainly. Britain and the United States have a history of cooperation—the two nations made up the backbone of the Western alliance during the Cold War—and have acted jointly on many occasions to oppose communism. On the Chinese issue, however, Britain has not been able to march in lock step with the United States. Every time the United States wanted to get tough with the Chinese, Britain would hold back. Why? Because Britain is saddled with the baggage of Hong Kong and refrains from taking a high profile. After it walks away from Hong Kong in frustration, Britain will definitely look for a way to get even. We see that Sino-French relations are now deteriorating. France has returned to Indochina. Germany is coming to the Asian Pacific region. Britain has always carried a lot of weight in Europe. If Britain and the United States join forces, China will inevitably return to the road of hostility with the entire West.

[Reporter] But high-ranking Chinese officials have said on many occasions that China is no longer the China of yesteryear, that it will no longer be pushed around by Western powers.

[Zheng] China is given to rallying the people by raising the "banner of righteousness." But the "banner of righteousness" must be raised with justification if you want to convince the masses. In a self-inflicted humiliation, the Qing Dynasty took on the entire West and declared war on eight nations. The result is that the joint forces of these eight nations marched into Beijing, shaking the Qing Dynasty to its core. Or take a look at the era of Mao Zedong. Except for the last three and a half years of his life, he spent all his time confronting the West, for which China paid a hefty price. For 40 years after the PRC was founded, the economy remained in a mess, so much so that today they need an open policy to save socialism. In recent times Deng Xiaoping keeps talking about "opportunity," saying that in waging class struggle for decades, China missed an excellent opportunity to develop its economy. Can China afford to return to the old road of extreme hostility with "imperialism" over the Hong Kong issue?

[Reporter] Let us go back and examine an issue of interest to everybody: Why did Britain change its China policy?

[Zheng] As the British themselves see it, they have been most patient and done their level best since 1982 when they opened talks with China to secure a peaceful transition for Hong Kong. In the process, however, they have been thwarted and resisted more and more fiercely by the Chinese every step of the way. This applies to the controversies during the transition, such as the disputes over copies, political arrangements, and the court of final instance, as well as the negotiations leading to the Sino-British Joint Declaration. On the new airport issue, moreover, they have been completely snubbed. All these moves intended to ensure prosperity and stability for Hong Kong were blocked and denounced by the Chinese as a "plot." Only China has the final word. As portrayed by the Chinese, the British are vicious, evil, hell bent on "destroying a nation and humanity." By proposing the construction of a new airport, the British are downright guilty of piracy, of attempting to plunder Hong Kong and taking its wealth home.

Britain decided to change its policy because it had suffered endless humiliation in this matter. It was derided by the British media for "kowtowing" to the Chinese, condemned by the British business community for selling out, and chided by the academic circles for losing its "authority to govern" completely. If its "authority to govern" Hong Kong erodes away gradually before 1997, it will come under attack both inside the British Parliament and out, and the prestige of the ruling party will be in shreds...

[Reporter] Why did the British wait until the last four years to act tough? Had it foreseen the present, would it

have acted differently? Isn't it more disrupting to drive a hard bargain with the Chinese at this late hour?

[Zheng] The British government now realizes that no matter how much humiliation it receives, it will not be able to work out a formula to meet the basic conditions of "one nation, two systems" and "Hong Kong people ruling Hong Kong." Facts prove that they can no longer rely on administrators and diplomats to preside over the latter half of the transition successfully. So they took the drastic move of sending a seasoned politician here in hopes of pulling off the impossible.

[Reporter] Did Christopher Patten foresee the violent Chinese reaction to his proposed political reform plan?

[Zheng] Probably not. In putting forward his political reform proposals, Christopher Patten said that he did not believe there was a single rational adult around who would be so unreasonable and childish that he would oppose it all out, defying all logic. Unfortunately, this is exactly what has happened. China has been attacking his proposed plan with such ferocity that the only thing comparable is probably the left-wing riots during the Cultural Revolution. The Chinese have even issued an ultimatum signaling their intent to throw out all accords reached in the past, risking a deterioration in Sino-British trade. Under these circumstances, the British may feel even more frustrated and humiliated, increasing the likelihood of a split. [passage omitted]